

CITY OF REDMOND, WASHINGTON

RESOLUTION NO. 380

A RESOLUTION, relating to the establishment of an Employees' Benefit Plan for municipal officers and employees of the City of Redmond in place of the previous Federal Social Security System; approving an agreement between the City of Redmond and Peoples National Bank of Washington entitled "Employees' Benefit Plan"; and approving the "Fifth Amendment to the Municipal Employees' Benefit Trust Agreement" with the City of Bellevue and Peoples National Bank of Washington.

WHEREAS, the employees of the City of Redmond have by a majority vote elected to withdraw from coverage under the Federal Social Security System and the City Council has approved such withdrawal; and

WHEREAS, upon such withdrawal, it is the desire of the employees of the City of Redmond and the City Council to provide coverage and benefits in lieu of coverages previously provided under the Federal Social Security System; and

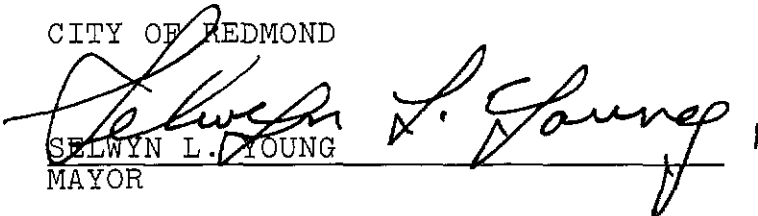
WHEREAS, the City Council has considered and approves the participation of its employees in the Municipal Employees' Benefit Trust (MEBT), which was established by the City of Bellevue and has determined that agreements to provide such coverage should be approved and executed by the City, now, therefore,

THE CITY COUNCIL OF THE CITY OF REDMOND DO RESOLVE AS FOLLOWS:

1. City of Redmond Employees' Benefit Plan Agreement approved. The City of Redmond Employees' Benefit Plan agreement, a copy of which is attached hereto and by reference made a part hereof, is hereby approved and the Mayor and City Clerk are hereby authorized and empowered to execute such agreement on behalf of the City of Redmond.
2. Fifth Amendment to the Municipal Employees' Benefit Trust Agreement approved. The Fifth Amendment to the Municipal Employees' Benefit Trust Agreement, a copy of which is attached hereto and by this reference made a part hereof, is hereby approved and the Mayor and City Clerk are hereby authorized and empowered to execute such agreement on behalf of the City of Redmond.
3. Effective date of such agreements -- transfer of funds. The effective date of such agreements shall be as of January 1, 1975, and the City Treasurer-Comptroller is hereby authorized and directed to transfer funds which have been withheld and provided by the City of Redmond for the purchase of coverage in lieu of social security benefits to the Peoples National Bank of Washington as provided in the agreements hereby approved and to continue to make such transfer of funds as is hereby authorized.

PASSED by the Council of the City of Redmond, Washington, at a regular meeting thereof, and APPROVED by the Mayor this 2 day of September, 1975.

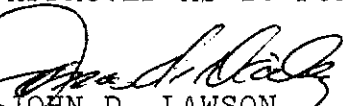
CITY OF REDMOND


SELWYN L. YOUNG
MAYOR

ATTEST:


ELEANOR J. HAYDEN
CITY CLERK

APPROVED AS TO FORM:


JOHN D. LAWSON
CITY ATTORNEY

CITY OF REDMOND
EMPLOYEES' BENEFIT PLAN

THIS AGREEMENT, made and entered into by and between the City of Redmond, Washington, a Washington municipal corporation, hereinafter called the "Employer", and Peoples National Bank of Washington, a National Banking Association, hereinafter called the "Trustee",

WITNESSETH:

WHEREAS, the employees of the City of Redmond have by majority vote elected to withdraw from coverage under the Federal Social Security System, and

WHEREAS, it is the desire of the employees and the Employer alike to provide coverage and benefits in lieu of the aforementioned Social Security System coverages, and

WHEREAS, the Employer has, on behalf of its employees, become a party to the Municipal Employees Trust Agreement, which Trust shall be a repository for funds contributed on account of this Plan and to which Trust this Plan is attached, and

WHEREAS, the City Council of the Employer has authorized the execution of this Agreement,

NOW, THEREFORE, it is agreed as follows:

ARTICLE I

Designation

1.01 This Agreement shall be known as the City of Redmond Employee's Benefit Plan. This Plan shall at all times be operated for the exclusive benefit of participating employees and their beneficiaries.

ARTICLE II

Definitions

2.01 The term "Employer" shall mean the City of Redmond, Washington, a municipal corporation.

2.02 The term "employee" shall mean and include any person who is a regular employee of the Employer and whose customary employment is for one thousand or more hours per year.

2.03 The term "beneficiary" shall mean any person designated as such in Section 4.04 of Article IV, to receive benefits after the death of a participant hereunder. Whenever the rights of participants are defined herein, their beneficiaries, heirs, executors, and administrators shall be bound thereby.

2.04 The term "anniversary date" shall mean December 31 of each year.

2.05 The effective date of this Agreement shall be January 1, 1975.

2.06 The term "compensation" means the total amount paid to an employee by the Employer for services rendered, specifically excluding contributions by the Employer on account of this Plan, and all payments by the Employer for group insurance, hospitalization and similar benefits; provided, however, that maximum compensation for purposes of this Plan shall be the taxable wage base under the Federal Insurance Contributions Act.

2.07 The term "continuous employment" shall include each full month during which an employee is a participant under this Plan and shall include

any periods of employment, immediately preceding or immediately following his employment with this Employer, or with any other employer which is a party to The Municipal Employees' Benefit Trust Agreement.

2.08 The term "Plan" means this Agreement including all amendments thereto.

2.09 The term "Trust" means the Municipal Employees' Benefit Trust, to which this Plan is attached and under the provisions of which, the contributions to this Plan are invested.

2.10 Wherever appropriate, words used in this Agreement in the singular may include the plural, or the plural may be read as the singular; the masculine may include the feminine.

2.11 The term "layoff" means termination of employment, without prejudice to the employee "laid off", by reason of a reduction in the work force, or unavailability of funds to compensate such employee, or elimination of such employment position, or other Employer-determined reason unrelated to the employee's work performance, conduct, or character. A discharge "for cause" is not included in the term "layoff."

2.12 "Discharge for cause" means a termination of an employee's employment by an Employer for reasons which law and public policy recognize as sufficient justification for involuntary removal from employment. "For cause" means for legal cause and not merely such cause as the Employer in the exercise of discretion may deem sufficient.

2.13 The term "reserve fund" shall mean the contingency reserve fund specified in Article VI, Section 6.03 (c) of this Agreement.

2.14 Plan Reserve Account. The terms "reserve account" or "reserve fund" shall mean the contingency reserve account of each participating employer's plan. Such accounts shall be a reserve for expenses and against unfavorable benefit experience and shall be held and invested by the Trustees for the

exclusive benefit of the participating employees of each plan to which each account is attributable.

2.15 Separate Retirement Account. The term separate retirement account shall mean the separate retirement account of each participating employee as provided for in each of the plans for which contributions to this Trust are made.

ARTICLE II

Administration

3.01 The Employer shall appoint a Plan Committee consisting of five members who shall hold office during the pleasure of the Employer which appointed them. All five members shall be participants. Any member of the Committee may resign by notice in writing filed with the Trustee and with the Employer which appointed him. Any vacancy shall be promptly filled by the applicable Employer so that the composition of each Committee shall be as herein prescribed. Any vacancies unfilled for ninety days may be filled by majority vote of the remaining members of the Committee.

3.02 The Plan Committee shall choose from among its members a chairman and a secretary. The secretary shall keep minutes of each Committee's proceedings and all dates, records and documents pertaining to the Committee's supervision of the Plan. The Committee shall adopt rules for the conduct of its meetings. Subject to the approval of the Employer, its Committee may employ, and suitably compensate, such attorneys and physicians and advisory, clerical or other employees as it may deem necessary to the performance of its duties.

The reasonable expenses of the Committee may be paid from the reserve account provided for in Section 6.03 (c) of Article VI. All Committee members shall be reimbursed for their actual expenses reasonably and necessarily incurred in the performance of their duties as Committee members, such reimbursement to be provided either from the reserve account or directly by the Employer.

3.03 All actions of the Committee shall be determined by the vote of a majority of its members. Either the Chairman or the Secretary may execute any certificates or other written direction on behalf of the Committee. A member of the Committee shall not vote on any question relating solely to himself; in the determination of any such question, the decision of a majority of the remaining members of the Committee shall govern. The members of the Committee shall serve without bond and without compensation for their services as such.

3.04 No member of the Committee shall be liable for any act or omission of any other member of the Committee, nor for any act or omission on his own part, except his own willful misconduct. The Employer shall indemnify and save harmless each member of its Committee from any and all liabilities arising out of his membership on the Committee, except liabilities arising out of his own willful misconduct. Each Committee shall make available to participants, retired participants, and beneficiaries, for examination during reasonable business hours, such records as pertain to the person wishing to examine the same.

3.05 The Committee shall enforce the Plan in accordance with the terms of the Trust Agreement, and shall, with respect to its Employer, have all the powers necessary to accomplish that purpose including, but not limited to, the following powers:

(a) To determine all questions relating to the eligibility of employees to become participants;

(b) To certify to the Trustee the fact of retirement, death, disability, termination of employment or of participation of any participant;

(c) To make and publish such rules for the regulation of the Plan as are not inconsistent with the terms of this Agreement.

3.06 To enable the Committee to perform its functions, the Employer shall supply full and timely information concerning the compensation of participants, their retirement, death, disability, termination of employment or of

participation, and such other pertinent facts as the Committee may require; the Committee shall advise the Trustee of such facts as may be pertinent to the Trustee's administration of the Plan.

3.07 The Committee may employ and suitably compensate such agents, counsel, actuaries, and advisory or clerical personnel as may be necessary to the accomplishment of its duties.

ARTICLE IV

Eligibility

4.01 Every employee of the Employer, whose customary employment is for one thousand (1,000) or more hours per year including agents or counsel employed by contract but excluding Fire Department Support Personnel, shall automatically become a participant in this Plan.

4.02 Every employee shall, at the time he becomes eligible to participate in the Plan, evidence in writing, on a form prescribed and supplied by the Committee, his acceptance of the terms and conditions of this Agreement and the Trust to which it is attached and his agreement to make the contributions specified in Article V of this Agreement.

4.03 At least thirty days prior to each anniversary date, every participant shall notify the Plan Committee of his intention to make any voluntary contributions and shall authorize, on a form to be prescribed and supplied by the Plan Committee, his Employer to deduct such voluntary contributions from his compensation each pay period.

4.04 Every participant, in his application for participation, shall designate a beneficiary, or beneficiaries, and successor beneficiaries, to receive any death benefits provided herein and such retirement benefits surviving his death as he may elect under Sections 7.01 (d) or 7.02 of Article VII. Such designation shall be consented to in writing to the participant's spouse; the same may be changed from time to time by a participant by filing a new designation

with the Committee, which designation shall likewise be consented to. If any participant fails to so designate beneficiaries, the same shall be deemed to have been designated on his behalf, from among the following, but only in the order named:

- (a) Spouse;
- (b) If no spouse, children equally;
- (c) If neither spouse nor children, parents equally;
- (d) If neither spouse, children nor parents, brothers and sisters equally;
- (e) If none of the above, the estate of the participant.

ARTICLE V

Contributions

5.01 Mandatory Employee Contributions. Every employee who is a participant in this Plan as provided for in Article IV, Section 4.01, hereof, shall be required to contribute, on his own behalf, an amount equal to 100% of the then current employees' tax under the Federal Insurance Contributions Act.

5.02 Voluntary Employee Contributions. Every participant hereunder may elect to contribute, in addition to the amount specified in Section 5.01 of this Article, such additional amounts as he chooses, provided however that the sum of his mandatory and voluntary contributions may not exceed ten percent (10%) of his compensation.

5.03 Contributions by the Employer. The Employer shall contribute, on account of this Plan, the total amount of the then current Employer's tax under the Federal Insurance Contributions Act, as amended, which would have been applicable had the Employer not withdrawn from coverage under the Federal Old Age, Survivors, Disability and Health Insurance Act.

5.04 Contributions shall be paid over to the Trustee, Peoples

National Bank of Washington, from time to time but not less frequently than monthly.

ARTICLE VI

Allocation of Contributions

6.01 Contributions to the Trust on account of this Plan shall be used for the exclusive benefit of the participating employees and their beneficiaries.

6.02 Contributions made by each participating employee shall be held in a separately allocated retirement account for his own benefit as provided for under Article VII, Section 7.01, of this Agreement.

6.03 Contributions made by the Employer shall be utilized as follows:

(a) An amount equal to sixty percent (60%) of the employees' tax under the Federal Insurance Contributions Act applicable to each participating employee shall be allocated to his separate retirement account.

(b) From the remaining funds, the Trustee shall pay any reasonable, authorized expenses of the Plan and the Plan's share of the Trust expenses including payment of insurance premiums, professional fees, administrative expenses, or such other expenses authorized by the Plan Committee.

(c) Any remaining funds shall be held and managed by the Trustee in a separate contingency reserve account. This account shall be a reserve for expenses and against unfavorable benefit experience and shall be held for the benefit of participating employees and their beneficiaries. Should this account accumulate funds which exceed a reasonable, actuarially sound, contingency reserve, the Plan Committee may, not more frequently than annually, direct the Trustee to distribute the unrequired surplus to the retirement accounts of every participant. Each participant's share of such a distribution shall be in the same proportion to the total distribution as his compensation is to the total compensation of all participants.

6.04 The separate retirement account of each participant shall be

invested by the Trustee with the Trust fund and shall share proportionately in all earnings, dividends and gains or losses in fair market value, so that the separate retirement accounts accurately express the interest of each participant in the total fund.

ARTICLE VII

Benefits

7.01 Retirement Benefits.

(a) Each participant shall, at his normal retirement date and upon his actual termination of employment on account of retirement, be entitled to receive the total amount credited to his retirement account.

(b) For purposes of this Plan, the normal retirement date of each participant shall be the earlier of:

(i) his sixty-fifth birthday

(ii) his normal retirement date under any other retirement benefit program to which contributions are made by either the employee, the Employer, or both.

(c) More than three months before the normal retirement date of each participant, such participant shall notify the Trustee, on a form prescribed and supplied by the Committee, of his irrevocable election to receive his retirement benefit upon his actual retirement under one of the methods set forth below:

(i) He may instruct the Trustee to acquire, effective as of his retirement, from an insurance company

specified by the Committee, a nonforfeitable, nontransferable annuity contract providing for such monthly retirement income as the entire amount of his retirement benefit and the underwriting rules of the insurance company will permit; the annuity contract shall be issued directly to and in the name of the retiring participant and all incidents of ownership shall be vested in him; or

- (ii) He may instruct the Trustee to pay his retirement benefit, directly from his account in the fund, to him in monthly or annual payments over a period of not less than ten years as shall be determined by the Plan Committee. The installment payments shall be as nearly equal in amount as is possible under the circumstances, and shall not continue beyond the lifetime of the retiring participant and the participant's spouse. When the retirement benefit is paid pursuant to this paragraph (b), no contributions by the retired participant or his Employer shall be added to his account after his retirement date, nor shall the account bear any fixed rate of interest after retirement date, but the same shall continue to share

proportionately in the earnings or losses,
expenses of administration not otherwise
provided for, and changes in fair market
values of the assets of the Trust fund
pursuant to the provisions of Article VI;
or

(iii) A single sum in cash, or

(d) When any retired or disabled participant dies leaving an amount credited to his account in the fund, the Committee shall certify that fact to the Trustee and the Trustee shall thereupon pay to such participant's beneficiary or beneficiaries designated pursuant to Section 4.04 of this Article IV, the full amount of such credit as of the most recent valuation date preceding the date of death of such participant, adjusted to reflect the benefits paid since such valuation date.

(e) In the event that a participant hereunder continues in the active employ of the City subsequent to his normal retirement, he shall remain an active participant in the Plan and shall continue to contribute to his own retirement account until such time as his actual retirement and separation from service. Provided, however, that persons actively employed after their sixty-fifth birthday shall participate only in the retirement benefits of this Plan.

7.02 Death Benefits.

(a) When any participant dies while in the employ of the Employer but before his actual retirement, or any retired or disabled participant dies, the Committee shall certify that fact to the Trustee, and the Trustee shall thereupon pay to the beneficiary or beneficiaries designated by such decedent pursuant to Section 4.04 of Article IV, the full amount credited to the retirement account of such decedent in the fund pursuant to the provisions of paragraph (c) of Section 7.01 of this Article. Any amount remaining in the deceased participant's account after the death of the participant's spouse, if any, shall be paid to the beneficiary or beneficiaries in a single sum in cash.

(b) When any participant dies while in the employ of the Employer, prior to his actual retirement, and such deceased employee is survived by a spouse and/or dependent children, such spouse and/or dependent will be entitled to receive monthly survivor income benefits.

The amount of such monthly income for a spouse only or for a dependent child or children only shall be equal to thirty percent (30%) of the deceased employee's regular basic monthly salary as of the date of his death, limited to a maximum of six hundred dollars (\$600) per month. In no event shall the benefit be less than one hundred fifty dollars (\$150) per month.

The amount of such monthly income for a spouse and dependent child or children shall be equal to sixty percent (60) of the deceased employee's regular basic monthly salary, limited to twelve hundred dollars (\$1,200) per month. In no event shall the benefit be less than three hundred dollars (\$300) per month.

Benefits for a dependent spouse will continue until such time as that spouse remarries, at which time, that spouse will receive in one sum an amount equal to twelve months benefit.

Benefits for a dependent spouse will continue until such time as that child attains age 21 or if in an accredited school or training program until age 22.

Benefits will be reduced by the amount of any other public or private survivor's insurance payments to which the Employer has contributed and will be reduced by the amount of any income earned for services by the surviving spouse which exceeds six hundred dollars (\$600) per month.

(c) The Plan Committee may direct the Trustee to purchase insurance contracts to provide the benefits called for in Section 7.02 (b) above. If such contracts are purchased to provide those benefits, such contracts shall be attached to and made a part of this Plan. The terms and conditions of such contracts shall be the final determination with regard to those benefits.

7.03 Disability Benefits.

(a) In the event that any participant hereunder suffers from a physical or mental impairment or condition which renders him incapable of continuing in the employ of the Employer, his retirement account shall become fully vested, provided that such disability lasts six months or longer.

(b) When a disabled participant's disability lasts six months or longer, he shall be entitled to receive benefits from a contract of long-term disability insurance which shall be purchased by the Trustee and which shall be attached to and made part of this Plan. Such long-term disability insurance contract shall provide for continuation of contributions to the disabled employee's retirement account.

7.04 Termination Benefits.

(a) If a participant shall, for any cause other than retirement, death, disability, or layoff, cease to be employed by any of the Employers, or cease to have any compensation, the Committee shall certify that fact to the

Trustee, and such terminated participant shall be entitled to receive from the Trustee the full amount of his own contributions, with adjustments to reflect the earnings or losses, expenses of administration and changes in market values of the assets of the Trust fund pursuant to Article VI, together with the vested portion of the remaining amount credited to his account in the fund as of the first day of the month preceding his termination pursuant to Section 7.05 of Article VII. Notwithstanding any provision to the contrary in this instrument, any participant whose employment by the Employer is involuntarily terminated by a layoff, shall be entitled to receive from the Trustee, upon request, the full amount of his own separate retirement account, as adjusted, whether or not such amount would be fully vested under the provisions of Article VII, Section 7.05.

(b) The amount such terminated participant is entitled to receive shall be distributed by the Trustee pursuant to the provisions of paragraph (c), at the option of the payee, of Section 7.01 (c) of Article VII.

(c) The nonvested amount credited to the terminated participant's account shall be forfeited and shall revert to the Plan and be held in the reserve fund.

(d) If any participant shall have been discharged by any Employer for theft, fraud, or other criminal act, upon incontrovertible proof, confession, or conviction by a court of competent jurisdiction of the criminal act, the Committee shall certify that fact to the Trustee and such participant shall be entitled to receive his own contributions to the fund, adjusted to reflect earnings or losses, expenses of administration and changes in fair market values of assets. The remainder of the amount credited to his account in the fund shall be forfeited and shall revert to the Plan.

7.05 Vesting. Every participant's vested percentage shall be determined as follows:

<u>Completed whole years of employment</u>	<u>Vested percentage</u>
Less than 1 year	0%
1 but less than 2	10%
2 but less than 3	20%
3 but less than 4	30%
4 but less than 5	40%
5 but less than 6	50%
6 but less than 7	60%
7 but less than 8	70%
8 but less than 9	80%
9 but less than 10	90%
10 years or more	100%

ARTICLE VIII

Amendment or Discontinuance

8.01 It is the expectation of the Employer that it will continue this Plan and the payment of its contributions indefinitely; the right is however reserved by the Employer at any time to reduce, suspend or completely discontinue its contributions, the amounts then credited to its participants' accounts shall be deemed fully vested and nonforfeitable, and the Trustee shall pay to them the full amount credited to their respective accounts in cash.

8.02 Except as herein limited, the Employer shall after receiving recommendations regarding amendment from the Plan Committee, have the right to amend this Agreement at any time to the extent that it affects its employee participants by a duly executed instrument in writing. Upon delivery of such instrument to the Trustee, this Agreement shall be so amended and all affected participants shall be bound thereby; provided, however:

(a) That no amendment shall increase the duties or liabilities of the Trustee or a Committee without their respective written consents;

(b) That no amendment shall have the effect of vesting in the Employer any interest in or control over any property subject to terms of this Trust;

(c) That no amendment shall have any retroactive effect so as to deprive any person of any right or benefit already accrued, except an amendment which is necessary to qualify the Plan for tax exemptions.

ARTICLE IX

Provisions Regarding Nondiscrimination

9.01 Notwithstanding any provisions in this Trust Agreement to the contrary, during the first ten years after the effective date hereof, the benefits provided by the Employer's contributions for participants whose annual benefits provided by such contributions will exceed \$1,500, but applicable only to the twenty-five highest-paid employees as of the time of establishment of the Trust, including any such employees who are not participants at that time but subsequently become participants, shall be subject to the following conditions:

9.02 Such benefits shall be paid in full which have been provided by an Employer's contributions not exceeding the larger of the following amounts:

- (a) \$20,000.00; or
- (b) An amount equal to 20% of the first \$50,000.00 of the participant's average annual compensation multiplied by the number of years since the effective date.

9.03 If the Trust is terminated or the full current costs thereof have not been met at any time within ten years after the effective date, the benefits which any of the participants described in Section 9.01 of Article IX, may receive from the Employer's contributions shall not exceed the benefits set forth in Section 9.02.

9.04 If a participant described in Section 9.01 leaves the employ of the Employer or terminates participation when the full current costs have been met, the benefits which he may receive from the Employer's contributions shall not at any time, within the first ten years after the effective date, exceed the benefits set forth in Section 9.02.

9.05 These conditions shall not restrict the full payment of any death benefits on behalf of a participant or retired or disabled participant who dies while the Trust is in full effect and its full current costs have been met, nor the current payment of full retirement benefits to retired or disabled participants while the Trust is in full effect and its full current costs have been met.

9.06 In the event of termination of this Trust within ten years after the effective date, distributions to the then unretired participants other than the participants described in 9.01, shall include an equitable apportionment among such participants of all excess benefits provided by Employer contributions for the participants described in 9.01; the excess benefits shall be allocated proportionately as of the date of termination.

ARTICLE X

Miscellaneous

10.01 Participation in this Plan shall not give any employee the right to be retained in the Employer's employ, or any right or interest in this Plan other than as herein provided.

10.02 No participant, retired or disabled participant or beneficiary shall have any power to alienate, dispose of, pledge or encumber his interest in the Trust fund while the same shall be in the possession or control of the Trustee nor shall the Trustee recognize any assignment thereof either in whole or in part, nor shall any such interest be subject to attachment, garnishment, execution following judgment or other legal process while in the hands of the Trustee.

10.03 (a) Any payment to any participant, retired or disabled participant or legal representative or beneficiary, in accordance with the provisions of this Agreement, shall to the extent thereof be in full satisfaction of all claims hereunder against the Trustee, the Committee and the Employer, any

of whom may require such participant, retired or disabled participant, legal representative or beneficiary, as a condition precedent to such payment, to execute a receipt and release therefore in such form as shall be determined by the Trustee, the Committee, or the Employer as the case may be.

(b) The Trustee may, in its sole discretion, distribute the entire interest of any participant, retired or disabled participant, or legal representative or beneficiary, to such person in a lump sum if the amount to be distributed is less than Two Thousand Dollars (\$2,000).

10.04 The headings and subheadings in this Agreement are inserted for convenience of reference only and are not to be considered in construction of the provisions hereof.

10.05 This Agreement has been executed in counterparts each of which shall be deemed an original.

10.06 This Agreement and the Trust to which it is attached shall be construed, administered and governed in all respects under and by the laws of the State of Washington.

IN WITNESS WHEREOF, the Employer and the Trustee have caused these presents to be executed by their duly authorized representative, the day and year first above written.

CITY OF REDMOND

Attest:

By

Stephen J. Young
Mayor

Eleanor Hayden
Eleanor Hayden, City Clerk

PEOPLES NATIONAL BANK OF WASHINGTON

By

W. A. King
Trust Officer

By

Assistant Trust Officer

