

RESOLUTION NO. 1015

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDMOND, WASHINGTON, APPROVING AMENDMENTS THREE AND FOUR OF THE MUNICIPAL EMPLOYEES' BENEFIT TRUST (MEBT) PLAN IN ORDER TO MAKE MINOR HOUSEKEEPING CHANGES AND TO FACILITATE THE ONGOING ADMINISTRATION OF THE PLAN

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WHEREAS, Resolution 380 of the City of Redmond approved the withdrawal of City employees from coverage under the Federal Social Security system and authorized participation by such employees in a Municipal Employees' Benefit Trust (MEBT), and

WHEREAS, the Plan agreement became effective on January 1, 1975 and has since been amended, and

WHEREAS, further amendments have been proposed to the Plan agreement in order to make minor housekeeping changes to facilitate the ongoing administration of the Plan and to clarify the authority of the Plan Committee to make such changes in the future, and

WHEREAS, the City Council desires to approve the changes, now, therefore,

THE CITY COUNCIL OF THE CITY OF REDMOND, WASHINGTON,  
HEREBY RESOLVES AS FOLLOWS:

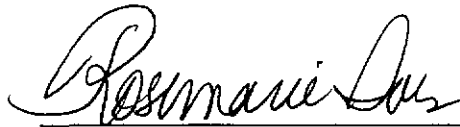
Section 1. Approval of Amendments. Amendments Three and Four to the Municipal Employees' Benefits Trust (MEBT) Plan, copies of which are attached hereto as Exhibits A and B and incorporated herein by reference as if set forth in full, are hereby

approved and the Mayor or Finance Director is hereby authorized and empowered to execute such amendments on behalf of the City of Redmond.

Section 2. Ratification. All actions taken by the Plan Committee and the City pursuant to Amendment Three since its execution on May 11, 1995 are hereby ratified and approved.

RESOLVED this 20~~th~~ day of February, 1996.

CITY OF REDMOND



ROSEMARIE IVES, MAYOR

ATTEST/AUTHENTICATED:



BONNIE MATTSON, CITY CLERK

FILED WITH THE CITY CLERK: February 15, 1996

PASSED BY THE CITY COUNCIL: February 20, 1996

RESOLUTION NO. 1015

EXHIBIT A  
**THIRD AMENDMENT TO THE CITY OF REDMOND  
EMPLOYEES' BENEFIT PLAN AMENDED AGREEMENT**

THIS AMENDMENT is being made between the City of Redmond and First Interstate Bank of Washington, N.A. The parties agree as follows:

1. Amendment to Correct Typographical Error in Section 4.6. Section 4.6(c) inadvertently dropped part of the definition of disability required under Code Section 415(c)(3)(C)(i). The second to last paragraph of Section 4.6(c) currently reads:

For purposes of this Section 4.6(c), disability shall mean, in addition to any requirement under Section 2.8, the inability of any Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to last for a continuous period of not less than twelve (12) months.

It is amended in its entirety to read as follows:

For purposes of this Section 4.6(c), disability shall mean, in addition to any requirement under Section 2.8, the inability of any Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months.

This amendment is effective as if included in the original restatement of the Plan effective January 1, 1989. It is not intended to change the section, but merely to correct an error in the transcription of the plan. Page 4-8 is revised to incorporate the changes and is attached. The page attached will replace page 4-8 of the Plan. To effect the amendment, the Plan Committee shall replace page 4-8 with the amended page 4-8 in each of the existing City of Redmond Employees' Benefit Plan documents in circulation. The Plan Committee shall retain one copy of the removed page 4-8, Section 4.6(c), as part of the permanent record of the Employer.

2. Article V, Section 5.3(b) is deleted and replaced by the following:

5.3 Allocation and Adjustment of Participant's Accounts.

(b) Any Participant may direct the Plan Committee to segregate all of his Account into a segregated fund in accordance with this subsection (b). The separate fund shall consist of such investments and investment media designed to preserve principal and to reduce volatility all as shall be selected by the Plan Committee and Trustee. In order to direct the segregation of his Account, a Participant must file

a written election with the Plan Committee, on a form to be supplied by the Plan Committee, not earlier than thirty (30) days prior to the date which is three (3) years prior to his Normal Retirement Date. In the event a Participant fails to timely make such election, he shall be entitled to make such election thereafter effective as of the first day of any calendar quarter by giving the Plan Committee written notice not later than thirty (30) days prior to the beginning of such calendar quarter. Once made, the election is irrevocable and shall control the investment of all of the Participant's Account, including subsequent additions thereto. The allocation and adjustments listed in subsection (a) above shall be made to the segregated Accounts in the ratio that each Participant's Account and sub-accounts in the segregated fund bears to the total of all such Participants' Accounts and sub-accounts, respectively.

Pages 5-3 and 5-4 are revised to incorporate the changes and are attached. The pages attached will replace pages 5-3 and 5-4 of the Plan. A header at the top right of the amendment pages indicates that it is effective May 1, 1995. To effect the amendment, the Plan Committee shall replace pages 5-3 and 5-4 with the amended pages 5-3 and 5-4 in each of the existing City of Redmond Employees' Benefit Plan documents in circulation. The Plan Committee shall retain one copy of the removed pages 5-3 and 5-4, Section 5.3(b) as part of the permanent record of the Employer.

3. The Employer desires to permit greater flexibility in the distribution of benefits to retirees. In addition, the Employer desires to modify the rules for required distributions to make use of the permission for governmental plans under Code section 401(a)(9)(C) to delay minimum distributions until the employee retires. Article VII, Sections 7.3, 7.5 and 7.8(a) are deleted and replaced by the following:

7.3 Retirement Benefits. Upon Actual Retirement, a Participant shall be paid the entire value of his Participant's Account as provided in either Section 7.4 or Section 7.5 of this Agreement. A retiring Participant (other than an Hourly Employee) shall be given a one-time election to defer the commencement of all or any part of his retirement benefits to a different time which shall not be later than the maximum time for distribution specified in Section 7.8. A Participant shall make this election by filing a written election with the Plan Committee at least thirty (30) days but not more than ninety (90) days prior to his Actual Retirement Date. In the event a Participant elects to defer to commencement of less than all of his retirement benefits in such written election, he shall specify the portion of his Account to be deferred and the proportion as to which the distribution shall commence. A Participant may later request to

commence distribution as of any subsequent distribution date. Notwithstanding the above, the Participant shall be allowed to withdraw his Basic Contribution Account as stated in Section 6.1, and his Extra Employee Contribution Account as stated in Section 6.2. The Plan Committee shall establish rules governing such matters as it deems necessary to effectuate this Section 7.3.

7.5 Optional Forms of Benefit. At the election of a retiring Participant, in lieu of the normal form of benefit, benefits may be paid in any of the following forms:

(a) in monthly or annual installments, as nearly equal as possible, over a fixed period of time, not less than five (5) years nor more than the life expectancy of the Participant, or the joint and last survivor expectancy of the Participant and his spouse; or

(b) in the form of a non-forfeitable and non-transferable annuity contract issued by an insurance company of the Participant's choice, authorized to issue such contract in the State of Washington. Such contract may provide for any series of life, period certain, joint and/or joint and contingent survivor payments so long as such term is not greater than the anticipated lives of the Participant and his spouse.

Under an installment distribution, the Participant or Beneficiary, at any time, may elect to accelerate the payment of the Participant's unpaid benefits. Acceleration shall be a final lump sum payment only.

This provision shall not apply to Hourly Employees.

7.8 Maximum Time of Distribution.

(a) Required Time of Distribution. Notwithstanding any provision of this Article VII, a Participant's benefit payments must commence by the April 1 immediately following the calendar year in which the Participant attains age seventy and one-half (70-1/2), or if later, the April 1 immediately following the calendar year in which the Participant terminates service.

Pages 7-1 to 7-6 are revised to incorporate the changes and are attached. The pages attached will replace pages 7-1 to 7-6 of the Plan. A header at the top right of the amendment pages indicates that it is effective May 1, 1995. To effect the amendment, the Plan Committee shall replace pages 7-1 to 7-6 with the amended pages 7-1 to 7-6 in each of the existing City of Redmond Employees'

Benefit Plan documents in circulation. The Plan Committee shall retain one copy of the removed pages 7-1 to 7-6, Sections 7.3, 7.5 and 7.8, as part of the permanent record of the Employer.

4. Vesting Amendment. Section 10.2 is amended and a new section 10.5 is added to clarify vesting credit for rehired employees.. The specific plan language added is set forth below.

A new section is added within the present section 10.2 to read as follows:

For purposes of determining "Months of Continuous Participation" under this Article X for a Former Employee who is re-employed as an Eligible Employee, the Plan will take into account all prior "Months of Continuous Participation" if the Eligible Employee becomes an Active Participant immediately upon rehire and continues as an Active Participant for a continuous twelve (12) month period.

A new section 10.5 is added as follows:

10.5. Restoration of Forfeited Account. No restoration of a prior forfeited Employer Contribution Account upon re-employment is permitted.

Pages 10-1 and 10-2 are revised to incorporate the changes and are attached. The pages attached will replace pages 10-1 and 10-2 of the Plan. A header at the top right on both amendment pages indicates that it is effective January 1, 1994. To effect the amendment, the Plan Committee shall replace page 10-1 and 10-2 with the amended page 10-1 and 10-2 in each of the existing City of Redmond Employees' Benefit Plan documents in circulation. The Plan Committee shall retain one copy of the removed pages 10-1 and 10-2, Section 10.2, as part of the permanent record of the Employer.

In all other respects, the Plan shall remain unchanged and in full force and effect.

DATED this 11 day of May, 1995.

FIRST INTERSTATE BANK OF  
WASHINGTON, N.A.  
TRUSTEE:

CITY OF REDMOND

EMPLOYER:

By: [Signature]  
Its: Assistant Vice President

By: [Signature]  
Its: Finance Director

EXHIBIT B

**FOURTH AMENDMENT TO  
THE CITY OF REDMOND  
EMPLOYEES' BENEFIT PLAN**

THIS AMENDMENT is being made between the City of Redmond and First Interstate Bank of Washington, N.A. The parties agree as follows:

1. Article XI, Section 11.5 is amended to delete Section 11.5(d) and replace it, and add a new Section 11.5(e) and concluding paragraph following Section 11.5(d) as set forth below:

(d) To adopt any amendments to the Plan on behalf of the Employer (without the approval of any other body); provided, such power of adoption is limited to amendments which the Plan Committee determines (1) will facilitate the administration of the Plan, (2) are in the best interests of the Participants and Beneficiaries, or (3) are necessary to maintain the Plan and/or Trust in tax-qualified status under Internal Revenue Code Section 401(a), 501(a), as amended, and any other relevant Internal Revenue Code Section, or conform to any other law, and (4) which do not increase the Employer's contributions under this Plan.

(e) To establish, in its sole discretion, a non-discriminatory policy which the Trustee must observe in making loans, if any, to Participants and Beneficiaries. If the Plan Committee adopts a loan policy, the loan policy must be a written document and must include: (1) the identity of the person or positions authorized to administer the Participant loan program; (2) a procedure for applying for the loan; (3) the criteria for approving or denying a loan; (4) the limitations, if any, on the types and amounts of loans available; (5) the procedure for determining a reasonable rate of interest; (6) the types of collateral which may secure the loan; and (7) the events constituting default and the steps the Plan will take to preserve plan assets in the event of default. This Section 11.5(e) specifically incorporates a written loan policy as part of the Employer's Plan.

All decisions of the Plan Committee in matters properly coming before it according to the terms of this Plan, and all actions taken by the Plan Committee in the proper exercise of its administrative powers, duties and responsibilities, will be final and binding upon all Employees, Participants and Beneficiaries and upon any person having or claiming any rights or interest in this Plan unless it can be shown that the decision, action, interpretation or determination was arbitrary and capricious. The Employer and the Plan Committee

will make and receive any reports and information, and retain any records necessary or appropriate to the administration of this Plan or to the performance of duties hereunder, or satisfying any requirements imposed by law. In the performance of its duties, the Plan Committee will be entitled to rely on information furnished by an Employee, Participant or Beneficiary or by the Employer or Trustee.

Pages 11-3 and 11-4 are revised and new page 11-5 added to incorporate the changes and are attached. The pages attached will replace pages 11-3 and 11-4 of the Plan. A header at the top right of the amendment pages indicates that it is effective January 1, 1996. To effect the amendment, the Plan Committee shall replace pages 11-3 and 11-4 with the amended pages 11-3, 11-4 and 11-5 in each of the existing City of Redmond Employees' Benefit Plan documents in circulation. The Plan Committee shall retain one copy of the removed pages 11-3 and 11-4 as part of the permanent record of the Employer.

2. On May 16, 1995, in Announcement 95-48, the Internal Revenue Service announced that governmental plans were deemed to satisfy the regulations under Code sections 401(a)(4), 401(a)(26), 410(b), and 414(s) until the Plan Year beginning January 1, 1999. The regulations under Code sections 401(k) and 401(m) are deemed satisfied until the Plan Year beginning January 1, 1997. As such, the Plan is hereby amended to provide that notwithstanding any provisions to the contrary in the Plan, any testing necessary to show compliance with the above regulations is suspended until required as set forth above, or until such later date as may be provided in subsequent pronouncements by the Internal Revenue Service, Congress or both. Specifically, the ADP, ACP and Multiple Use Tests referred to in Plan Sections 16.4, 16.5 and 16.6 shall not be performed until such time as required by the above announcement or any later date permitted under subsequent pronouncements.

3. Public Law 103-66, section 13207(a)(2) struck subsection (x) of Code section 3121. Prior to amendment, this section referred to the two portions of the Applicable Contribution Base (Old-Age, Survivors, and Disability Insurance ("OASDI"), § 3121(x)(1), and Hospital Insurance, § 3121(x)(2)) of the Social Security Act. The Plan used this section in determining "Maximum Compensation" under Plan section 2.19 and the Employer Contribution under 4.6(b)(1). Therefore, these sections must be modified to correctly refer to the proper contribution and benefit base (as determined under § 230 of the Social Security Act)

Article II, Section 2.19 is deleted and replaced by the following.

2.19. Maximum Compensation for purposes of this Plan shall be 100% of the taxable wage base, as determined under Section 230 of the Social Security Act, in effect on the first day of the Plan Year. For clarification purposes, Maximum Compensation is intended to be those wages subject to taxation at the employer tax rate set forth in



Code section 3111(a), as amended (the OASDI rate) and not that portion above the OASDI base which is subject only to Hospital Insurance taxes.

Article IV, Section 4.6(b)(1) is deleted and replaced by the following:

(1) the amount determined by multiplying each Eligible Employee's Compensation up to "Maximum Compensation," as that term is defined in Section 2.19 of this Agreement, by one hundred percent (100%) of the then current employer's tax rate under the Federal Insurance Contributions Act (Code sections 3111(a) and (b)), as amended, (for this purpose, these calculations shall be made as if the Employer had not withdrawn from the Federal Old Age, Survivors, Disability and Health Insurance Act), plus

Pages 2-8 through 2-10 and 4-5 are revised to incorporate the changes and are attached. The pages attached will replace pages 2-8 through 2-10 and 4-5 of the Plan. A header at the top right of the amendment pages indicates that it is effective January 1, 1996. To effect the amendment, the Plan Committee shall replace pages 2-8 through 2-10 and 4-5 with the amended pages 2-8 through 2-10 and 4-5 in each of the existing City of Redmond Employees' Benefit Plan documents in circulation. The Plan Committee shall retain one copy of the removed pages 2-8 through 2-10 and 4-5, Sections 2.19 and 4.6(b)(1), as part of the permanent record of the Employer.

4. Article VI is amended to add a new Section 6.6 as follows:

#### 6.6 Participant Loans.

(a) General. The Plan Committee may make loans on a nondiscriminatory basis to a Participant or to a Beneficiary in accordance with the loan policy established by the Plan Committee, provided: (1) the loan policy satisfies the requirements of Section 11.5(e); (2) loans are available to all Participants and Beneficiaries on a reasonably equivalent basis and are not available in a greater amount for Highly Compensated Employees than for other Employees; (3) any loan is adequately secured and bears a reasonable rate of interest; (4) the loan provides for repayment within a specified time; (5) the default provisions of the note prohibit offset of the Participant's Nonforfeitable Accrued Benefit prior to the time the Trustee otherwise would distribute the Participant's Nonforfeitable Accrued Benefit, and (6) the amount of the loan does not exceed (at the time the Plan extends the loan) the present value of the Participant's Nonforfeitable Accrued Benefit

(b) Default on a Loan. If a Participant or Beneficiary defaults on a loan made pursuant to a loan policy adopted by the Plan Committee pursuant to Section 11.5(e), the Plan treats the default as a distributable event. The Plan Committee, at the time of the default, will reduce the Participant's Nonforfeitable Accrued Benefit by the lesser of the amount in default (plus accrued interest) or the Plan's security interest in that Nonforfeitable Accrued Benefit. To the extent the loan is attributable to the Participant's Salary Reduction Deferral Account or Qualified Matching Contributions Account or Qualified Nonelective Contributions Account under Plan Sections 16.2(m) and (n), the Plan Committee will not reduce the Participant's Nonforfeitable Accrued Benefit unless the Participant has separate from Service or unless the Participant has attained age 59½.

Page 6-7 is revised and new pages 6-8 and 6-9 added to incorporate the changes and are attached. The pages attached will replace page 6-7 of the Plan. A header at the top right of the amendment pages indicates that it is effective January 1, 1996. To effect the amendment, the Plan Committee shall replace page 6-7 with the amended page 6-7 and add pages 6-8 and 6-9 in each of the existing City of Redmond Employees' Benefit Plan documents in circulation. The Plan Committee shall retain one copy of the removed page 6-7 as part of the permanent record of the Employer.

5. The Employer desires to clarify the use and interpretation of the term Normal Retirement Date as it is used in various sections of the Plan. The intent is to clarify the current interpretations of the Plan Committee and not change the terms of the Plan. As such, changes are necessary to Sections 2.20 and 4.6(c).

Article II, Section 2.20 is deleted and replaced by the following:

2.20 Normal Retirement Date shall mean the earlier of

- (a) a Participant's sixty-fifth (65th) birthday, or
- (b) the earliest service retirement date for such Participant under any other retirement benefit program to which contributions for such Participant are made by the Employer whether benefits are actuarially reduced or not

The first paragraph of Article IV, Section 4.6(c) is deleted and replaced by the following:

- (c) The Employer shall contribute each month to the Participant's Account of a Nonhighly Compensated Employee disabled participant, who has elected to defer benefits in accordance with

Section 9.4 of this Agreement, an amount equal to one hundred eighty percent (180%) of the Basic Contributions and Salary Reduction Deferrals actually made by or on behalf of such Participant in the calendar month immediately preceding the date on which the illness or condition resulting in disability commenced. Such contributions by the Employer shall continue until the earlier of:

- (1) such Participant's Normal Retirement Date, or
- (2) the date on which such Participant first receives a distribution from his Participant's Account subsequent to becoming disabled.

However, for purposes of determining Normal Retirement Date for this Section 4.6(c) and 9.4, contributions shall continue until the earlier of a Participant's sixty-fifth (65th) birthday, or the earliest service retirement date for such Participant under any other retirement benefit program to which contributions for such Participant are made by the Employer where the Participant is entitled to receive full benefits (i.e., not actuarially reduced)

Pages 2-9 through 2-10 and 4-7 through 4-12 are revised to incorporate the changes and are attached. The pages attached will replace pages 2-9 through 2-10 and 4-7 through 4-12) of the Plan A header at the top right of the amendment pages indicates that it is effective January 1, 1996. To effect the amendment, the Plan Committee shall replace pages 2-9 through 2-10 and 4-7 through 4-12 with the amended pages 2-9 through 2-10 and 4-7 through 4-12 in each of the existing City of Redmond Employees' Benefit Plan documents in circulation. The Plan Committee shall retain one copy of the removed pages 2-9 through 2-10 and 4-7 through 4-12, Sections 2.20 and 4.6(c), as part of the permanent record of the Employer

In all other respects, the Plan shall remain unchanged and in full force and effect.

DATED this \_\_\_\_ day of \_\_\_\_\_, 1996.

FIRST INTERSTATE BANK OF  
WASHINGTON, N.A.

CITY OF REDMOND

TRUSTEE:

EMPLOYER

By \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

Its \_\_\_\_\_