

ORDINANCE NO. 1129

AN ORDINANCE OF THE CITY OF REDMOND, WASHINGTON, ADOPTING A DEFERRED COMPENSATION PLAN FOR CITY EMPLOYEES, SUBJECT TO INTERNAL REVENUE SERVICE APPROVAL, AND ESTABLISHING AN ADVISORY COMMITTEE.

WHEREAS, pursuant to federal tax laws and regulations, state and local governments may adopt deferred compensation plans which enable employees to defer receipt of a certain portion of their earnings and to defer paying taxes thereon for a period of time, and

WHEREAS, the City Council has determined that it would benefit the employees of the City to make such a deferred compensation plan available to them, now, therefore,

THE CITY COUNCIL OF THE CITY OF REDMOND, WASHINGTON,
DO ORDAIN AS FOLLOWS:

Section 1. The plan entitled "City of Redmond, Washington, Deferred Compensation Plan," a copy of which is attached hereto as Exhibit A, and incorporated herein by this reference, is hereby adopted as the deferred compensation plan for the City of Redmond, subject to approval by the Internal Revenue Service as a plan which meets the requirements of applicable federal tax laws and Internal Revenue Service regulations governing state and local government deferred compensation plans.

Section 2. Subsequent to review of the plan by the Internal Revenue Service, any necessary amendments or modifications shall be made in order to secure Internal Revenue Service approval. Upon receipt of final approval by the Internal Revenue Service, the City of Redmond Deferred Compensation Plan shall become the officially adopted deferred compensation plan for the City.

Section 3. The City's Personnel Director and the City Attorney are directed to seek approval of the Deferred

Compensation Plan by the Internal Revenue Service, and to make any necessary changes or additions to the plan in order to obtain such approval.

Section 4. Advisory Committee Established. A committee is hereby established to be known as the City of Redmond Deferred Compensation Plan Advisory Committee. The Committee shall be composed of the City's Director of Personnel, who shall serve as chairman of the Committee, and two City employees appointed by the Mayor. The Committee shall function pursuant to, and shall perform the duties set forth in the City of Redmond Deferred Compensation Plan.

Section 5. This ordinance shall be in full force and effect thirty (30) days after its passage and publication by posting as provided by law.

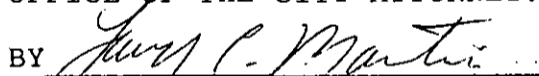
CITY OF REDMOND


MAYOR, CHRISTINE T. HIMES

ATTEST/AUTHENTICATED:


CITY CLERK, PAUL F. KUSAKABE

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY:

BY 

FILED WITH THE CITY CLERK:	May 25, 1983
PASSED BY THE CITY COUNCIL:	June 7, 1983
SIGNED BY THE MAYOR:	June 7, 1983
POSTED:	June 9, 1983
EFFECTIVE DATE:	July 9, 1983

EXHIBIT A

CITY OF REDMOND

WASHINGTON

Deferred Compensation Plan

May 1983

DEFERRED COMPENSATION PLAN

ARTICLE I

General

Section 1.01 Name. The name of this Plan shall be the City of Redmond, Washington, Deferred Compensation Plan, which is hereby established and adopted (as amended). It may be, and sometimes hereinafter is, referred to as the "Plan" or the "Deferred Compensation Plan."

Section 1.02 Purpose. The purpose of this Plan is to extend to Employees of the Employer certain benefits which ordinarily accrue from participation in a Deferred Compensation Plan. The Employer does not and cannot represent or guarantee that any particular federal or state income, payroll or other tax consequence will occur by reason of an Employee's participation in this Plan. The Employee wishing to participate in the Plan should consult with his own attorney or other representative regarding all tax or other consequences of participation in this Plan.

Section 1.03 Definitions.

- a. "Administrator" means Employer or its duly authorized designee for that purpose who shall exercise the discretion or other functions given to the Employer under the terms of the Plan.
- b. "Advisory Committee" shall mean a committee consisting of a chairperson and two members appointed by the Employer. Such committee shall operate according to the guidelines specified in Section 2.05 of the Plan document.
- c. "Annuity Contracts" referred to in this Plan means any annuity contracts qualified for sale in Washington and approved by the City of Redmond. Notwithstanding the above definition, annuity contracts actually used in conjunction with the Plan can be altered, amended, changed or substituted for, from time to time by action of the Employer and such altered, amended, changed or substituted contracts or contract thereafter may be used in the Plan.
- d. "Beneficiary" means any person designated by the Participant to receive a pension, annuity, death benefit, or other benefit under the provisions of this Deferred Compensation Plan.

- e. "City" means the City of Redmond, Washington.
- f. "Compensation" means all wages or salaries or other forms of income to be paid by Employer to an Employee for services rendered.
- g. "Deferred Compensation" means that portion of an Employee's compensation which said Employee has elected to defer in accordance with the provisions of this Deferred Compensation Plan.
- h. "Employee" means any full-time permanent employee or elected official of the Employer.
- i. "Employer" means the City of Redmond, Washington.
- j. "Normal Retirement Age" shall be the later of the latest normal retirement age specified in any other plan maintained by the Employer or age 65.
- k. "Participant" means any employee who voluntarily elects to participate in this Deferred Compensation Plan by filing a duly executed Participation Agreement with the Employer.
- l. "Participation Account" means the book account to which there are credited the Participant's deferred compensation, together with any interest, dividends, gains, losses or the like thereon.
- m. "Participation Agreement" means the contract by which the Employee and the Employer agree that some of the Employee's compensation will be deferred pursuant to the Plan.
- n. "Plan Year" means the calendar year in which the plan becomes effective, and each succeeding year during the existence of this Plan.

ARTICLE II

Operation of Plan

Section 2.01 Participation. Any Employee may elect to become a Participant of the Plan and to defer payment of part of his compensation by executing a written Participation Agreement and filing it in the manner set forth in Article III hereof. The dollar amount deferred must be at least \$25.00 per pay period or such larger amount as may be designated by the Employer from time to time. The maximum amount that may be deferred under the Plan for the taxable year of a Participant shall not exceed the lesser of (a) \$7,500 or (b) 33-1/3 percent of the Participant's includible compensation (compensation for services performed for Employer which

[taking into account the provisions of Section 457 and Section 403(b) of the Code] is currently includible in gross income); provided, however, that if a Participant in the Plan also has amounts contributed by the Employer for the purchase of a tax sheltered annuity under Section 403(b) of the Code, the maximum that may be deferred under the Plan for any taxable year, including any one of the last three taxable years before a participant attains normal retirement age, is reduced by the amount contributed for the purchase of the annuity contract. During one or more of a Participant's last three taxable years ending before a Participant attains normal retirement age under the Plan, the maximum amount that may be deferred under the Plan shall be the lesser of (a) \$15,000 or (b) the maximum amount set forth above for each taxable year of a Participant plus so much of the maximum deferral amount as has not been utilized in any Plan Year commencing after January 1, 1979. Notwithstanding the immediately preceding sentence, for the purposes of determining the maximum deferral in one of a Participant's three taxable years ending before his normal retirement age, a prior taxable year will only be taken into account if (a) it begins after December 31, 1978, (b) the Participant was eligible to participate in the Plan during all or any portion of the taxable year, and (c) compensation deferred under the Plan during the taxable year was subject to a ceiling required by Section 457 of the Code.

Section 2.02 Deferral of Compensation. Employer and Participant mutually acknowledge that the compensation of each Employee is set forth in the annual salary regulations or ordinances of the Employer and that said compensation includes the dollar amount of funds deferred under the terms of this Plan. Employee compensation shall be paid monthly or as otherwise provided, except that during each employment year in which the Employee is a Participant in the Plan, that portion of his said compensation which is specified by the Employee in the Participation Agreement shall be deferred and paid in accordance with the provisions of the Plan.

Section 2.03 Investment of the Deferred Amount. The deferred amount may be held by the Employer to be paid to the Employee pursuant to Article IV, and Employee accounts shall be valued as if such amounts were invested in:

- a. A Fixed annuity contract; or
- b. A Variable annuity contract; and
- c. Any combination of (a) and (b).

The Employees' statement of investment preference shall only require the Employer to use such preference as an index for determining the benefits to be paid pursuant to Article IV.

The Employer shall be under no obligation to invest the deferred amount in the manner requested.

Section 2.04 Employer Responsibility. The Employer may, but is not required to, invest Deferred Compensation held pursuant to agreements between Participants and the Employer, in accordance with the requests made by each Participant at the time of enrollment or change in enrollment. The Employer retains the right to approve or disapprove requests for a specific investment preference. Any investment action by the Employer, or approving of any investment preference, shall not be considered to be an endorsement or guarantee of any investment preference, nor shall it be considered to attest in the financial soundness or the suitability of any investment preference for the purpose of meeting future obligations as provided in Article IV of this Plan. Further, the Employer shall not be held responsible for any investment results, either gains or losses, from any investment preference used to meet future obligations under the Plan.

Section 2.05 Administration of the Plan. The Plan shall be administered by an Advisory Committee which shall have the sole authority for the operation of the Plan in accordance with its terms and shall rule on all questions arising out of the administration, interpretation and application of the Plan, which determination shall be conclusive and binding on all Participants. Members of the Advisory Committee may participate in the Plan, but no member of the Advisory Committee shall be entitled to make decisions solely with respect to his own participation.

Section 2.06 Ownership of Deferred Amounts. The Employer shall establish and maintain a fund (hereinafter the "Investment Fund") to provide a convenient method of setting aside sufficient of its assets to meet its future obligations under this Plan. The Employer shall at all times be the legal and beneficial owner of all assets in the Investment Fund and neither the existence of the Plan nor of the Investment Fund shall be deemed to create a trust or limit use by the Employer of the funds therein for general Employer purposes. The obligations of the Employer to make payments pursuant to this Plan is contractual only, and no Participant or Beneficiary shall have a preferred claim or lien on or to the assets of this Investment Fund but shall have only the right to receive the benefits payable under the Plan.

ARTICLE III

Administration and Accounting

Section 3.01 Administration by Employer. This Deferred Compensation Plan shall be administered by the Employer who shall appoint an Advisory Committee which will prescribe such

forms and adopt such rules and regulations as necessary to carry out the purposes of the Plan. Also, the Employer may employ investment counsel to provide advice concerning categories of investment, investment guidelines and investment policy; provided, however, that the advice or recommendations of any such investment counsel shall not be binding on the Employer, who shall make the final determination concerning investment categories, investment guidelines and policies.

Section 3.02 Election to Participate. An Employee's election to participate in this Deferred Compensation Plan shall be made by filing a duly executed Participation Agreement with the Employer, and not otherwise.

Section 3.03 Enrollment Periods.

- a. When the Plan is first made available, an Employee shall have thirty (30) days from the date participation in the Plan is offered to him to effect an election to participate. Such election shall be effective in the first month after the date on which his Participation Agreement is filed with the Employer.
- b. Any person who becomes an Employee after this Plan is first made available, or any Employee who does not file an initial election, pursuant to (a) above, shall have the right to elect participation during future enrollment periods for the Plan. The first year enrollment periods will be held during the months of August and December. Permanent enrollment periods for subsequent years will be during June and December. Such election will be for pay periods in the first month after the date on which the Participation Agreement is filed with the Employer.

Section 3.04 Participation Agreement. The Employer shall establish a form of Participation Agreement and other enrollment forms which shall contain, among other provisions, the following:

- a. A provision whereby the Participant shall specify the portion of his compensation which is to be deferred.
- b. A provision whereby the Participant shall indicate his investment preference.
- c. A provision whereby the Participant shall designate a Beneficiary or Beneficiaries, including one or more contingent Beneficiaries, to receive any benefits which may be payable under this Plan on death of the Participant.
- d. An acknowledgment by the Participant that his salary, wage or other compensation is as set forth in any salary ordinance or otherwise, without deductions for amounts deferred under the provisions of this Plan.

- e. A provision whereby the Participant together with his heirs, successors and assigns hold harmless the Employer from any liability hereunder for all acts performed in good faith, including acts relating to the investment of deferred amounts and/or the Employee's investment preference hereunder.
- f. A provision whereby the Participant shall indicate his payment option and method of payment (monthly, quarterly, semi-annually) if applicable and which is revocable until thirty (30) days following the event which gives rise to payment (retirement, termination of services, or disability), at which time the election of payment option and method of payment becomes irrevocable.

Section 3.05 Amendment of Participation Agreement. The Participant may revoke his election to participate at any time by filing with the Employer a written revocation. He may change the amount of compensation to be deferred or his investment preference during a stated enrollment period by signing and filing with the Employer a written amendment, on a form approved by the Employer. Any such amendment shall be effective prospectively only, beginning with the first enrollment period commencing on or after the amendment. If a Participant requests that amounts then held in a Participant's Account also be invested in accordance with an amended investment preference, the Employer may, if it deems it in the best interest of the Participant to do so, approve such change. Any such contracts and other evidence of the investment of all assets under this Plan shall be registered in the name of the Employer which shall be the owner-beneficiary thereof.

Section 3.06 Participation Accounts. A separate Participation Account shall be maintained for each Participant. Each Participation Account shall reflect the monies deferred, the investment of the monies, and all consequences of the investment. For convenience, and to facilitate an orderly administration of the Plan, individual Participation Accounts for all Participants will be maintained by the Employer and/or its agent showing the Participant's name with all applicable debit and credit balances. The Participant's deferred account shall be credited each month with the amount deferred from the preceding month. A written report of the status of the Participation Account shall be furnished to Participants at least annually. All interest, dividends, charges for premiums, capital, or market changes applicable to each Participation Account shall be credited or debited to the account as they occur. Credits to the Participant's Account shall be subject to the Participant's then effective investment preference. All reports to the Participant shall be based on the net fair market value of the assets as of the reporting date as if the deferred amount had been invested according to the investment preference.

Section 3.07 Administrative Costs. The Employer shall determine, in a manner deemed fair and equitable, the administrative costs associated with the withholding of Deferred Compensation amounts pursuant to this Plan or in making investments or otherwise administering or implementing the Plan. The Employer may withhold or collect, or have withheld or collected, such costs, in such manner as he deems equitable from the compensation deferred pursuant to the Plan, or the income produced from any investment.

Section 3.08 Employer Participation. Notwithstanding any other provisions of the Plan, the Employer may make deposits into the Plan as compensation for services not yet rendered by a participating Employee during an employment period provided the Employee has agreed in writing to have any such additional compensation deferred pursuant to this Plan, prior to the employment period in which the compensation would be earned. Also, the Employer may make other additional deposits to the Plan as he may deem advisable, subject, however, to the limitations on deferrals stated in Article 2.01 hereof, and provided that for purposes of determining the maximum deferral under Section 2.01 of the Plan, an Employer contribution to a Participant's account shall be added to other amounts deferred by a participant for the taxable year in which the Employer credits the Participant's account, regardless of the employment period over which such amounts will be earned.

ARTICLE IV

Benefits

Section 4.01 Benefits Generally. The Participant is entitled to have paid to him the benefits created by his participating in this Deferred Compensation Plan, in accordance with the provisions of this Article. The benefits payable to the Participant will be equivalent to the total benefits that would have been created had the deferred amounts been invested as specified by the Participant from time to time taking into consideration losses and gains where applicable and any deductions authorized in Section 3.07 above. Amounts paid to a Participant pursuant to this article shall be reported to a Participant as wages subject to withholding for Federal and State income taxes and reportable on Form W-2. In the event of death of a Participant prior to the commencement of benefits as called for under the Plan, the named Beneficiary of a Participant's Participation Account shall have the right to designate that payments to such Beneficiary shall be in accordance with one of the available options provided under the Plan. Such selections must be made within thirty (30) days of the death of a Participant. If the Beneficiary fails to make such selection, payments shall be made to the Beneficiary in accordance with

the option previously selected by the Participant. In the event of death of a Participant after the commencement of payments, the balance of a Participant's Account shall be paid to the Beneficiary in accordance with payment Options 3, 4 or 5 if previously selected by the Participant. If Option 2 was selected by the Participant, the Beneficiary may amend or commute the remaining balance; provided, however, that the Beneficiary must elect to amend or commute within thirty (30) days of the Participant's death. All actions and determinations of the Employer under this Article IV shall be made on a uniform and non-discriminatory basis.

- a. Normal Retirement. Upon the Participant's attaining normal retirement age, he may retire and receive the benefits provided under this Plan. Normal retirement is defined as retirement at the later of the latest normal retirement age specified in any other plan maintained by the Employer or age 65. Such benefits shall be paid in accordance with the payment Option 1, 2, 3, 4, 5, 6 or 7 as selected by the Participant pursuant to Subsection (i) of this section. Any credits remaining in the deferred account of a Participant receiving benefits under this paragraph who dies shall be paid in accordance with Subsection (f) of this section.
- b. Early Retirement. The Participant may select early retirement in accordance with those rules applicable to retirement from service with the Employer. Such benefits shall be paid in accordance with the payment option selected by the Participant pursuant to Subsections (a) and (i) of this section. Any credits remaining in the deferred account of a Participant receiving benefits under this paragraph who dies shall be paid in accordance with Subsection (f) of this section. Alternatively, an Employee selecting early retirement may elect to have his benefits deferred and paid in accordance with Section 3.06 (e) of the Plan; provided that the election is made within thirty (30) days following the early retirement.
- c. Late Retirement. If the Participant continues his employment with the Employer after attaining normal retirement age, all benefits payable under this Plan will be deferred whether or not the Participant continues to defer additional sums under this Plan until the Participant retires or terminates service. At such time, benefits shall be paid in accordance with the payment option selected by the Participant pursuant to Subsections (a) and (i) of this section. No deferral or additional credits under this Plan may be made by the Participant after the month in which he attains age seventy-five (75). Any credits remaining in the deferred account of a Participant receiving, or eligible to receive, benefits under this paragraph who dies shall be paid in accordance with Subsection (f) of this section.

- d. Disability. If prior to retiring, the Participant becomes disabled, as defined by the disability income provisions in the Employer's retirement program applicable to the Participant, and the Participant terminates service as a result of his/her disability, the Employer shall exercise the nonforfeiture provisions of any contracts and pay any benefits provided and all other credits, if any, in the Participant's deferred account in accordance with payment Option 1, 2, 3, 4, 5, 6 or 7 as selected by the Participant pursuant to Subsection (i) of this section.
- e. Termination of Employment. If the Participant terminates his employment with the Employer (without being disabled or retiring), benefits shall be paid in accordance with payment option as elected by Participant pursuant to Subsection (i) of this section.
- f. Death.
1. Before benefits are paid for retirement, disability or termination of service. In the event of death of a Participant prior to the commencement of benefits as called for under the Plan, the named Beneficiary of a Participant's Participation Account shall have the right to designate that payments to such Beneficiary shall be in accordance with one of the available options provided under the Plan. Such selection must be made within thirty (30) days of the death of a Participant. If the Beneficiary fails to make such selection, payments shall be made to the Beneficiary in accordance with the option previously selected by the Participant. Notwithstanding the above, if the Participant dies prior to commencement of benefits, or if the Beneficiary dies prior to receiving benefits, the entire amount deferred will, within five (5) years after the Participant's death (or death of Participant's Beneficiary), be paid under the Plan.
 2. After benefits are being paid for retirement, disability or termination of service. If the Participant dies while benefits are being paid to him under this Plan pursuant to payment Option 2 and before such benefits have been exhausted, then the remaining benefits payable shall be paid to the Participant's designated Beneficiary in accordance with Subsection (f)(3) of this section. Notwithstanding the above, if the Participant dies before all benefits have been paid to the Participant (or if payment has commenced to the Participant's Beneficiary and such Beneficiary dies before the entire amount is paid to such Beneficiary), the remaining part of the deferrals will, within five (5) years after the Participant's death

(or death of the Beneficiary), be paid under the Plan.

3. Designated Beneficiary. The Participant has the right to name and file with the Employer, a written Beneficiary or change of Beneficiary form, designating the person or persons who shall receive the benefits payable under this Plan in the event of the Participant's death. The form for this purpose shall be provided by the Employer. It is not binding on the Employer until it is signed, filed with the Employer by the Participant, and accepted by the Employer. If the Participant dies without having a Beneficiary form on file, the payments shall be made to the properly appointed fiduciary of the Participant's probate estate. However, if a fiduciary has not been appointed and qualified within one hundred twenty (120) days after the death, the payment may be made first, to a surviving spouse, second, to a surviving child or children, and third, to a surviving parent or parents. The Participant accepts and acknowledges that he has the burden for executing and filing, with the Employer, a proper Beneficiary designation form.

- g. Commencement of Payment. The payment of benefits to the Participant shall begin on the first day of the month next following forty-five (45) days after the occurrence of the event that gives rise to the beginning of the payment of benefits. The payment of benefits to a Beneficiary shall commence within thirty (30) days of the date upon which the Personal Representative of the Participant's estate is appointed.

- h. Short-term or Lump-sum Settlement. Notwithstanding anything in this Article to the contrary, if at any time the amounts held under this Plan in the account maintained for the Participant, or his Beneficiary, total to a credit of \$2,000 or less and for any reason the Participant has ceased to be an Employee of the Employer, the Employer must deviate from the restrictions imposed by the paragraphs in this Article and effect a lump-sum settlement.

- i. Options. The following options are available for selection by the Participant. If, at the time of his election to participate in the Plan, the Participant fails to select a payment option for any event which causes payment of benefits to begin, he shall be deemed to have elected to have the benefits payable upon occurrence of such event as if he had elected payments for a specified period of ten (10) years as provided for in Option 2.

1. Payment Options. As provided in Subsections (a) through (f) of this section, Participants may select:
 - Option 1. Lump-sum Payment. The total benefits payable in one cash payment.
 - Option 2. Payment for a Specified Period. Amounts payable in equal installments over a period of three (3) to thirty (30) years.
 - Option 3. Life Annuity. An annuity payable during the lifetime of the Participant.
 - Option 4. Life Annuity with Period Certain Guaranteed. An annuity payable during the lifetime of the Participant, or his Beneficiary, with the guarantee that if at the Participant's death payments have not been made for the guaranteed period as elected, payments will continue to the Beneficiary or Beneficiaries until payments have been made for the full guarantee period elected. The guaranteed period to be elected must be either five (5), ten (10), fifteen (15), or twenty (20) years.
 - Option 5. Joint and Survivor Annuity. An annuity payment during the lifetimes of the Participant and a secondary payee named by the Participant.
2. Method of Payment Option. If the Participant has elected a payment option requiring installment payments, the Participant may also elect to have such payments made either monthly, quarterly, semi-annually, or annually.
3. Life Expectancy as Limit to Payment Options. Payment under Options 1-5 listed under subparagraph 1 of paragraph i above shall be limited by the life expectancy of the participant, and with respect to Option 5, by the joint life and last survivor expectancy of the participant and the secondary payee named by the Participant. Life expectancies shall be computed by use of the expected return multiples in Section 1.72-9 of the Income Tax Regulations, or, in the case of a contract issued by an insurance company, the period computed by use of such company's mortality tables.
- j. Minimum Distributions. Beginning with the Participant's taxable year in which he attains age seventy and one-half (70-1/2) (or, if later, the Participant's taxable year in which payments commence), the amount to be paid each year will not be less than the lesser of (1) the balance of the deferred amounts, or (2) an amount equal to the quotient obtained by dividing the balance of the deferred

amounts at the beginning of the year by the life expectancy of the Participant (or the joint life and last survivor expectancy of the Participant and spouse), determined as of the date the Participant attains age seventy (70), and reduced by one for each taxable year commencing after the Participant attains age seventy and one-half (70-1/2).

Section 4.02 Emergency Withdrawal. Notwithstanding any other provisions herein, for "unforeseeable emergency," a Participant may apply to the Advisory Committee to withdraw, in whole or in part, from the Plan prior to retirement or any other termination of his employment with the Employer. If the application for withdrawal is approved by the Advisory Committee, the withdrawal shall be effected as of the first day of the month next following such approval being given. Benefits to be paid upon any withdrawal shall be limited strictly to that amount necessary to meet the situation constituting an unforeseeable emergency. Any remaining benefits shall be paid upon retirement, termination of employment, disability or death in accordance with Section 4.01 above. Withdrawal for "unforeseeable emergency" shall be limited to real emergencies beyond the control of the Participant which would cause him great hardship if early withdrawal were not permitted. For purposes of this paragraph, an unforeseeable emergency is severe financial hardship to the participant resulting from a sudden and unexpected illness or accident of the participant or of a dependent of the participant, loss of the Participant's property due to casualty or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the participant. The circumstances that will constitute an unforeseeable emergency will depend upon the facts of each case, but, in any case, payment may not be made to the extent that such hardship is or may be relieved:

- a. Through reimbursement or compensation by insurance or otherwise;
- b. By liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship; or
- c. By cessation of deferrals under the plan.

Examples of what are not considered to be unforeseeable emergencies include the need to send a Participant's child to college or the desire to purchase a home. The decision of the Advisory Committee concerning "unforeseeable emergency" shall be final as to all Participants.

Section 4.03 Plan-To-Plan Transfers. In the event that a Participant separates from employment with the City in order

to accept employment with another employer eligible to offer a deferred compensation plan under Section 131 of the Revenue Act of 1978, notwithstanding any other provision of this plan, payment of benefits shall not commence upon separation from service with the City, and all amounts credited to the Participant's participation account at the time of separation from service shall be automatically transferred to the eligible deferred compensation plan of the other employer of which the Participant has become a participant provided the following conditions are met:

- a. The entity offering the other eligible deferred compensation plan is located within the state of Washington;
- b. The plan receiving the transferred amounts provides for the acceptance of such transferred amounts.

ARTICLE V

Miscellaneous

Section 5.01 Leave of Absence. If a Participant is on an approved leave of absence from the Employer with compensation, participation in this Plan will continue. If a Participant is on an approved leave of absence without compensation and such leave of absence continues for more than six (6) months, said Participant will be deemed to have terminated participation in the Plan as of the end of such six (6) month period. Such termination of participation will not cause distribution of benefits. Upon return from such leave of absence, the Participant's full compensation on a non-deferred basis will be thereupon restored. Such Employee may again become a Participant by meeting the requirements for eligibility as herein provided.

Section 5.02 Retirement System Integration. Benefits payable by, and deductions for Employee contributions to, any retirement system of the Employer, including Social Security, shall be computed without reference to amounts deferred pursuant to this Deferred Compensation Plan and shall instead be based upon gross compensation the Participant would receive if he had not elected to participate in this Plan and to defer compensation.

Section 5.03 Amendment. The Plan may be modified, amended or terminated in whole or in part (including retroactive amendments) by the Employer at any time. No amendment or termination of the Plan shall reduce or impair the rights of any Participant or his Beneficiary which have already accrued. Upon termination of the Plan, the Employer shall distribute all amounts credited to each Participant Account in accordance with the Participant's payment option selected

pursuant to Section 4.01. All Participants shall be treated in the same manner.

Section 5.04 Creditors. A Participant may not assign, transfer, sell, hypothecate, or otherwise dispose of any or all of his investment account or any right which he may have under the Plan, and any attempt to do so shall be void.

Section 5.05 Employment. Participation in the Plan shall not be construed as giving any Participant any right to continue his employment with the Employer.

Section 5.06 Successors and Assigns. The Plan shall be binding upon and shall inure to the benefit of the Employer, its successors and assigns, all Participants and Beneficiaries and their heirs and legal representatives.

Section 5.07 Written Notice. Any notice or other communication required or permitted under the Plan shall be in writing, and if directed to the Employer shall be sent to the designated office of the Employer, and, if directed to a Participant or to a Beneficiary, shall be sent to such Participant or Beneficiary at either his last known address as it appears on the Employer's record or to his work site, at the Employer's option.

Section 5.08 Total Agreement. This Plan and the Participation Agreement, and any subsequently adopted amendment thereof, shall constitute the total agreement or contract between the Employer and the Participant regarding the Plan. No oral statement regarding the Plan may be relied upon by the Participant.

Section 5.09 Gender. As used herein, the masculine shall include the neuter and the feminine where appropriate.

Section 5.10 Controlling Law. This Plan is created and shall be interpreted under the laws of the State of Washington as the same shall be at the time any dispute or issue is raised.

Section 5.11 Effective Date. This plan shall be effective beginning the 4th day of June, 1983.

IN WITNESS WHEREOF, the Employer has executed this Plan document this 7th day of June, 1983.

CITY OF REDMOND
15670 N.E. 85th Street
Redmond, Washington 98052

By *Christina V. Hines*
Mayor

ATTEST:

Paul F. Lusk
City Clerk

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY

Jerry C. Martin