

**THE CITY OF SEATTLE VOLUNTARY
DEFERRED COMPENSATION PLAN AND TRUST**

AMENDED AND RESTATED

EFFECTIVE AS SET FORTH IN ARTICLE 10

(Updated July 10, 2013)

THE CITY OF SEATTLE VOLUNTARY
DEFERRED COMPENSATION PLAN AND TRUST
(Updated July 10, 2013)

TABLE OF CONTENTS

1.	INTRODUCTION	4
1. 1.	Adoption of Deferred Compensation Plan and Trust.....	4
1. 2.	Plan Overview	4
1. 3.	Compliance with Internal Revenue Code.	5
1. 4.	Plan Document.	5
1. 5.	Name of Plan.....	6
1. 6.	Exclusive benefit.	6
2.	ENROLLMENT AND DEFERRAL.....	6
2. 1.	Participation.....	6
2. 2.	Enrollment.....	6
2. 3.	Deferrals.....	6
2. 4.	Limits on annual deferrals.....	9
2. 5.	Investment selections.....	13
2. 6.	Investment transfers.....	13
2. 7.	Forms and methods.....	14
2. 8.	Investment options and transfers between options.....	14
2. 9.	Employer Contributions.....	15
2. 10.	USERRA Contributions.....	15
3.	ADMINISTRATION, ACCOUNTS AND REPORTS	18
3. 1.	Plan Committee.....	18
3. 2.	Officers and duties.....	20
3. 3.	Decision-making procedure.....	20
3. 4.	Limits of liability.....	21
3. 5.	Powers of Plan Committee.....	22
3. 6.	Transmittal of information.....	24
3. 7.	Expenses of administration.....	24
3. 8.	Accounts.....	25
3. 9.	Deposit of deferrals into Trust and time lag.....	25
3. 10.	Account report.....	26
3. 11.	Annual Plan report.....	26
3. 12.	Access to Plan records.....	26
4.	BENEFITS.....	26
4. 1.	Timing for distribution of benefits.....	26
4. 2.	Election to begin distribution commencement date.....	28
4. 3.	Election of benefit distribution method.....	28
4. 4.	Designating a Beneficiary.....	29
4. 5.	Payments to Beneficiaries.....	33
4. 6.	Unforeseeable Emergency Withdrawal.....	34

4. 7.	Account Balances of \$1,000 or Less.....	35
4. 8.	Unclaimed Account Procedure.	36
4. 9.	In Service cash-out election before separation.	39
4. 10.	Distributions Under Domestic Relations Orders.....	39
4. 11.	Minimum Distribution Requirements.....	40
4. 12.	Direct Rollovers of Plan Distributions.....	48
4. 13.	In-Service Transfers for Purchase of Defined Benefit Plan Service Credits.....	52
4. 14.	Rollover Contributions.	53
4. 15.	Participant Loans.	55
4. 16.	Health and Long-Term Care Insurance Distributions.	56
5.	CUSTODIAN/TRUSTEE, POWERS AND DUTIES	58
5. 1.	Acceptance and Trust Committee.....	58
5. 2.	Investment Advisory Committee.....	58
5. 3.	Receipt of contributions.	59
5. 4.	Investment powers.	59
5. 5.	Records and statements.	64
5. 6.	Fees and expenses from Fund.	64
5. 7.	Parties to litigation.	65
5. 8.	Professional agents.....	65
5. 9.	Distribution of cash or property.....	65
5. 10.	Distribution directions.....	66
5. 11.	Notice to third parties dealing with multiple trustees.....	66
5. 12.	Resignation.	66
5. 13.	Removal.....	67
5. 14.	Interim duties and successor Trustee.....	67
5. 15.	Valuation of Trust.....	67
5. 16.	Limitation on liability - if investment manager, ancillary trustee or independent fiduciary appointed.	68
5. 17.	Investment in group trust fund.	68
5. 18.	Appointment of ancillary trustee or independent fiduciary.....	69
5. 19.	Standard of care.	70
5. 20.	Limits of liability.	71
6.	MISCELLANEOUS.....	71
6. 1.	No assignment or alienation.....	71
6. 2.	Transfers between eligible plans.	72
6. 3.	Priority.....	73
6. 4.	Successors.	73
6. 5.	Entire agreement.	73
7.	AMENDMENT AND TERMINATION	74
7. 1.	Amendment/termination.	74
7. 2.	Notice.....	74
7. 3.	Limitation on amendments.....	74
7. 4.	Result of termination.....	75
8.	DISCLAIMERS AND LIMITATIONS	75
8. 1.	Employment unaffected.....	75
8. 2.	Disclaimer as to tax impact.	76
8. 3.	Assumption of risks.	76

9.	DEFINITIONS	76
9. 1.	Account Value.....	76
9. 2.	Beneficiary.	77
9. 3.	Catch-up Contributions.....	77
9. 4.	City.....	77
9. 5.	Code.....	77
9. 6.	Deferred amount.....	77
9. 7.	Employee.....	77
9. 8.	Immediate Family	78
9. 9.	Includable compensation.....	78
9. 10.	Investment Advisory Committee.	79
9. 11.	Normal retirement age.....	79
9. 12.	Participant.	79
9. 13.	Pay period.	79
9. 14.	Plan.	79
9. 15.	Plan Ceiling	79
9. 16.	Plan Committee.....	80
9. 17.	Plan Year.	80
9. 18.	Regs.....	80
9. 19.	Required Beginning Date.....	80
9. 20.	Spouse.....	80
9. 21.	Trust.....	80
9. 22.	Trustee.....	80
9. 23.	Unforeseeable emergency.....	81
9. 24.	Valuation Date.	81
10.	EFFECTIVE DATE.....	81
11.	TRUSTEES	81
RULES IMPLEMENTING THE CITY'S DEFERRED COMP PLAN		
A.	Enrollment	83
B.	Deferrals.....	84
C.	Designation Of Beneficiaries.....	86
D.	Account Statements.....	87
E.	Payment of Benefits	87
F.	Ancillary Provisions	92
G.	Interpretive Rules.....	98
H.	Bringing A Claim (Appeal) Before The Plan Committee	99
I.	Addressing Unforeseeable Emergency Withdrawal (UEW) Requests.....	101

**THE CITY OF SEATTLE VOLUNTARY
DEFERRED COMPENSATION PLAN AND TRUST**

(Updated July 10, 2013)

ARTICLE 1

1. INTRODUCTION

1.1. Adoption of Deferred Compensation Plan and Trust.

The City of Seattle hereby establishes the following restated deferred compensation plan and trust for City officers and employees (called the "Plan").

1.2. Plan Overview

When the Participant enrolls in this Plan, The City of Seattle (called the "City") will defer paying a part of the Participant's salary or wages. The deferred amounts will be deposited in trust for the exclusive benefit of the Employee and the Employee's Beneficiaries and invested in accordance with the provisions of this Plan. After the Participant leaves the service of the City, retires or dies, the Plan will pay the Participant, or the Participant's beneficiaries, benefits based on the Participant's "Account Value". If the Participant becomes employed by another employer with an eligible plan, the City may transfer the Participant's Account Value to the Participant's new employer's Plan. The Account Value will be based on the amount deferred, less administrative fees and expenses, plus gains or minus losses from market fluctuations, and, when applicable, deductions for withdrawal ("surrender") fees. An earlier withdrawal may only occur if the Participant suffers an unforeseeable emergency or if the Participant is eligible for

an in-service cash out as provided by this Plan. The Participant's right to commence payment of benefits and the manner and timing of benefit payments will be governed by the provisions of this Plan, the Internal Revenue Code, its applicable regulations, and the administrative rules adopted by the Plan Committee which may be changed from time to time.

1. 3. Compliance with Internal Revenue Code.

The Plan and Trust is intended to be an eligible deferred compensation plan under § 457 of the Internal Revenue Code of 1986, as amended, (the "Code") and a trust exempt from tax under Code § 457(g) and § 501(a). It is subject to all eligibility standards established by the Code for eligible deferred compensation plans. Code requirements take precedence over any conflicting provision in the Plan, administrative procedure or rule, or any ordinance implementing the Plan. All provisions of the Plan will be interpreted and applied in a manner consistent with Code requirements.

1. 4. Plan Document.

This Plan Document may be supplemented by administrative rules and agreements adopted or entered into by the Plan and/or Trust Committee from time to time. These rules and agreements provide for the Plan's administration, reports and fees, and terms and conditions useful in carrying out the Plan. This Plan Document may be amended from time to time in accordance with Articles 3 and 7.

1. 5. Name of Plan.

The name of the Plan shall be The City of Seattle Voluntary Deferred Compensation Plan and Trust.

1. 6. Exclusive benefit.

This Plan shall at all times be operated for the exclusive benefit of Participants and their Beneficiaries. No part of the corpus or income of the Trust shall revert to the City or be used for or diverted to purposes other than the exclusive benefit of Participants and their beneficiaries.

ARTICLE 2

2. ENROLLMENT AND DEFERRAL

2. 1. Participation

Only City officers and Employees may enroll in the Plan.

2. 2. Enrollment.

By enrolling the Participant accepts the terms and conditions of this Plan, authorizes the City to defer paying a part of the Participant's salary or wages for each pay period, and consents to applying the deferred amount in accordance with this Plan.

2. 3. Deferrals.

(a) Definitions.

Deferrals. "Deferrals" or "deferral" means the contributions the Employer makes to the Plan pursuant to a Participant's salary reduction agreement and includes both Pre-tax Deferrals and Roth Deferrals. The Plan permits a Participant to make Roth Deferrals effective as of October 4, 2013.

Pre-tax Deferrals. "Pre-tax Deferrals" means a Participant's Deferrals which are not includible in the Participant's gross income when deferred and which the Participant has irrevocably designated as Pre-tax Deferrals in his or her deferral election. A Participant's Pre-tax Deferrals will be separately accounted for along with any gains and losses attributable to the Pre-tax Deferrals. All Deferrals prior to October 4, 2013 are Pre-tax Deferrals.

Roth Deferrals. "Roth Deferrals" means a Participant's Deferrals that are includible in the Participant's gross income at the time deferred and which the Participant has irrevocably designated as Roth Deferrals in his or her deferral election. A Participant's Roth Deferrals will be separately accounted for along with any gains or losses attributable to the Roth Deferrals. The Plan will also maintain a record of a Participant's investment in the contract (i.e., Roth contributions that have not yet been distributed) and the year in which the Participant first made a Roth Deferral. Roth Deferrals will be treated in the same manner as Pre-tax Deferrals for all Plan purposes, unless otherwise specifically provided for in the loan policy and/or Plan provisions governing in-service distributions or unforeseeable emergency (hardship) withdrawals.

(b) Deferral Procedure

When enrolling, the Participant selects, by completing a salary reduction agreement, an amount to be deferred from the Participant's salary or wage for each pay period. The Participant may later increase or decrease the amount, or stop and resume further deferrals, each as authorized by this Plan. A deferral and an authorization to increase, decrease or stop the Participant's deferral takes effect as soon as administratively practicable in the month following the Participant's request. [Code § 457(b)(4)]. The Participant's authorization to begin a deferral, to increase or decrease the amount, or to stop or resume deferrals applies to salary or wages the Participant earns afterward. A change or stoppage of the Participant's authorized deferral will not cause any refund or return of any amount already deferred. A Participant's authorized deferral will remain in effect until the Participant revokes or alters the terms of the authorization.

A Participant may elect to defer all or a portion of an amount received following severance from employment but only if the amount is Post-Severance Compensation as defined below. [Regs. § 1.457-4(d)].

(c) Post-Severance Compensation. Post-Severance Compensation includes payments made by the later of: (i) 2-1/2 months after severance from employment, or (ii) the last day of the calendar year in which the severance from employment occurs. Post-Severance Compensation payments may be deferred if they are payments that, absent a severance from employment, would have been paid to the Employee while the Employee continued in employment with the

Employer and would have been regular compensation for service during the Employee's regular working hours, compensation for services outside the Employee's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar compensation, or payment for unused accrued bona fide sick, vacation or other leave, but only if the Employee would have been able to use the leave if employment had continued. Any payments not described above are not considered Post-Severance Compensation if paid after severance from employment, even if they are paid within the timeframe above following severance from employment.

2. 4. Limits on annual deferrals.

(a) The Participant may defer as much under the Plan in any year as Code § 457 allows for an eligible deferred compensation plan. Unless the "catch-up" provision of Code § 457 applies, the most the Participant may defer of the Participant's compensation for any taxable year beginning on or after January 1, 2002 is the lesser of the applicable dollar amount within the meaning of Code § 457(b)(2)(A), as adjusted for the cost-of-living in accordance with Code §457(e)(15), or one hundred percent (100%) of the Participant's Includable Compensation (see Plan § 9.8). This amount is called the Plan Ceiling (See Section 9.15).

(b) Last Three Years Catch-up. Under the Last Three Years Catch-up provision, for one or more of the Participant's last three (3) taxable years ending before the year in which the Participant reaches Normal Retirement Age, the Participant may defer the lesser of twice the applicable limit set forth in

§457(e)(15), or the amount of the Plan Ceiling for the current year plus so much of the Plan Ceiling for earlier taxable years as the Participant was eligible to use but failed to use. A Participant's Deferrals under another eligible deferred compensation plan established under Code § 457 will be counted in applying these limits. The Participant may use the Last Three Years Catch-up provision only once and may not use it while using the Age 50 Catch-up provisions; the Participant cannot invoke the higher limits a second time by resetting his or her retirement age or returning to City service after the Participant retires [Regs. § 1.457-4(c)(3)].

(c) Age 50 Catch-up. Under the Age 50 Catch-up provision, a Participant who has attained age 50 before the close of the Plan Year may contribute an additional amount not to exceed the catch-up limit under Code §414(v)(2) for the taxable year. The Age 50 Catch-up is not available during the three years the Participant is taking advantage of the Last Three Years Catch-up provided in 2.4.(b). [Regs. § 1.457-4(c)(2).]

(d) In the event the Plan Committee determines the Participant's elective deferrals to the Plan for a calendar year would be impermissible or would exceed the limit under Code § 457(b) or any other applicable Code section, the City will not make any additional elective deferrals with respect to that Participant for the remainder of that calendar year, paying in cash to the Participant any amounts which would result in the Participant's deferrals for the calendar year exceeding the 457(b) limitation. Payments to the Participant will be subject to applicable taxes.

(e) If the Plan Committee determines a Participant's elective deferrals already contributed to the Plan for a calendar year are impermissible or exceed any applicable Code limit, the Plan Committee will distribute the amount in excess of the 457(b) limitation (the "excess deferral") as adjusted for allocable income, as soon as administratively practicable after the Plan Committee determines the amount is an excess deferral in accordance with the Code and Regulations. For purposes of making a distribution of excess deferrals, allocable income means net income or net loss allocable to the excess deferrals for the calendar year in which the Employee made the excess deferral, determined in a manner which is uniform, nondiscriminatory and reasonably reflects the manner used by the Plan to allocate income to Participant's accounts. [Regs. §1.457-4(e).] If a Participant who will receive a distribution of excess deferrals has, in the taxable year for which the corrective distribution is made, contributed both Pre-Tax Deferrals and Roth Deferrals, the Committee operationally will determine the source(s) from which it will direct the Trustee to make the corrective distribution. The Committee also may permit the affected Participant to elect the source(s) from which the corrective distribution will be made. However, the amount of a corrective distribution of excess deferrals to any Participant from the Pre-Tax Deferral or Roth Deferral sources may not exceed the total amount of the Participant's Pre-Tax Deferrals or Roth Deferrals for the correction year. The City and the Committee will not have any liability to any Participant or Beneficiary with respect to the exercise of, or failure to exercise, the authority under this Section 2.4.

Prior to January 1, 2002, for purposes of determining the maximum limitations on deferrals under this section, the following amounts reduced the Plan Ceiling and the Last Three Years Catch-up limitation (but not below zero) for a taxable year: (1) elective deferrals or employer contributions made on behalf of a Participant to a Code §403(b) plan (Code §403(b)(1) annuity contract or Code §403(b)(7) custodial account) for the taxable year; (2) elective deferrals under a Code §401(k) arrangement; (3) elective deferrals under a Simplified Employee Pension; (4) SIMPLE IRA contributions under Code §408(p); and (5) deductible contributions under a Code §501(c)(18) plan.

(f) Normal Retirement Age for the purpose of determining the Last Three Years Catch-up period, means a retirement age selected by the Participant from the range of ages ending not later than when the Participant reaches seventy and one-half (70 1/2) and not sooner than the time when the Participant has the right to retire without the City's consent, and to immediately receive unreduced retirement benefits under the Seattle City Employees' Retirement System, or the Law Enforcement Officers' and Fire Fighters' Retirement System, whichever may be applicable to the Participant, without actuarial or similar reduction because of retirement before a later age or number of years of service; or, if none apply, the time the Participant would have been eligible for unreduced retirement benefits had the Participant joined the Seattle City Employees' Retirement System upon first becoming eligible. [Code §§ 457 (d)(1)(B) and 401 (a)(9)(c); Regs. § 1.457-4(c)(3)(v)(A)].

2.5. Investment selections.

When enrolling, the Participant needs to make an investment selection or selections from among the investment alternatives offered by the Trustee for this Plan. It is the Participant's responsibility throughout the Participant's participation in this Plan to direct the investment of the Participant's deferred amounts to the Plan's investment options. The Participant may change the Participant's investment selection from time to time. The Participant's investment directions must be given according to the procedure or form required by the Plan Committee and may be subject to reasonable restrictions imposed by the Plan Committee as to the frequency with which an individual Participant and the Participants collectively may give investment directions. The City, the Trustee, the Plan Committee, its custodian, third party administrator, or any person deemed to be a fiduciary of the Plan shall have no liability of any kind for any damage, loss, or claim which may arise from the Participant or the Beneficiary's investment direction or the failure of the Participant or the Beneficiary to exercise investment direction.

2.6. Investment transfers.

The Participant may transfer amounts already deferred from one investment option to another in accordance with this Plan and rules adopted by the Plan Committee and Trustees. A transfer will be based on the current value of the previous investment selection, including any gains or less any losses that had already been credited or debited to the Participant's account and may

involve a fee or charge. The Plan does not permit "in-Plan" conversion of Pre-Tax Deferrals to Roth Deferrals.

2.7. Forms and methods.

The Plan Committee will provide for the manner in which enrollment, deferral changes, and investment selections are to be conducted and implemented. The Participant's authorization and the Participant's investment selection continue in effect for future pay periods so long as the Participant is employed until the Participant directs otherwise in the manner established by the Plan Committee.

2.8. Investment options and transfers between options.

The Plan's investment options shall include investment alternatives chosen by the Trustee pursuant to the Plan's investment policy, and may include investment options such as securities, mutual funds, money market accounts, and annuities. From time to time the Trustee may change, add to or remove investment options from the Plan and the Trustee may employ professional investment advisors for the purpose of reviewing the investment options offered through this Plan. If an investment option is removed from the Plan, the Participant's deferred amounts shall be transferred to alternative investment options according to administrative procedures adopted for their transfer unless the Participant directs otherwise in the manner established by the Trustee. Losses may be incurred as a result of a transfer from one investment option to another due to market fluctuations, among other reasons. A Participant, or after

a Participant's death, a Beneficiary, may transfer funds among the investment options offered by the Plan. Transfers must be made in accordance with administrative rules, or as required by the Plan Committee and/or Trustee, and subject to the terms and conditions for crediting account values in any contract with outside service providers to the Plan. The Plan Committee and/or Trustee may require that transfers be authorized in writing in advance.

2.9. Employer Contributions.

The City will contribute such amounts as it has agreed to contribute from time to time on behalf of police officers and fire fighters. Any such contribution is subject to the Plan Ceiling.

2.10. USERRA Contributions.

This Section 2.10 applies to an Employee who: (i) has completed qualified military service under the Uniformed Service Employment and Re-employment Rights Act of 1994 ("USERRA"); (ii) the City has rehired under USERRA; and (iii) who is a Participant entitled to make-up contributions under Code § 414(u). [This Section 2.10 also applies to an Employee who dies or becomes disabled while performing Qualified Military Service, as provided in Section 2.10]

(A) **Compensation.** For purposes of this Section 2.10 a, Participant during his or her period of qualified military service is deemed to receive Compensation equal to that which the Participant would have received had he or she remained employed by the City, based on the Participant's rate of pay that would have been in effect for the Participant during the period of military service. If the

Compensation during such period would have been uncertain, the Plan Committee will use the Participant's actual average Compensation for the 12 month period immediately preceding the period of qualified military service, or if less, the period of employment.

(B) **Employer Contributions.** The City will make up any Employer contributions that the Employer would have made and which the Plan Committee would have allocated to the Participant's Account had the Participant remained employed by the City during the period of qualified military service but based on any make-up Deferrals the Participant contributes under Section 2.10(C).

(C) **Salary Reduction Deferrals.** A Participant may make up the maximum amount of deferrals which he or she would have been able to contribute during the period of qualified military service (less any such amounts that the Participant actually contributed during such period), and the Participant must be permitted to contribute any lesser amount as the Plan would have permitted. The Participant must contribute any make-up contribution under this Section 2.10(C) no later than 5 years following reemployment (or if less, a period equal to 3 times the length of the Participant's qualified military service triggering such make up contribution).

(D) **Limitations.** Contributions under this Section 2.10 are subject to the Plan Ceiling in the year to which such contributions are allocated, but not in the year in which such contributions are made.

(1) **Differential Wage Payments.** Effective for Differential Wage Payments made after December 31, 2008, the Plan is not treated as failing to meet the requirements of any provision described in this Section 2.10(D) by reason of any contribution or benefit which is based on a Differential Wage Payment. The preceding sentence applies only if all Employees performing service in the uniformed services described in Code § 3401(h)(2)(A) are entitled to receive Differential Wage Payments on reasonably equivalent terms and, if eligible to participate in a retirement plan maintained by the Employer, to make contributions based on the payments on reasonably equivalent terms (taking into account Code §§ 410(b)(3), (4), and (5)).

(E) **No Earnings.** A Participant receiving any make-up contribution under this Section 2.10 is not entitled to an allocation of any earnings on any such contributions prior to the time that the Employer actually makes the contributions (or timely deposits the Participant's own make-up Deferrals) to the Trust.

(F) **Other Rules.** The Plan Committee in applying this Section 2.10 will apply any future written guidance addressing the application of USERRA to the Plan.

(G) **Loan repayments.** Plan loan repayments may be suspended as permitted under Code § 414(u)(4).

(H) **HEART Act Death Benefits.** In the case of a death occurring on or after January 1, 2007, if a Participant dies while performing qualified military service, the Participant's Beneficiary is entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan as if the Participant had resumed employment and then terminated

employment on account of death. Moreover, the Plan will credit the Participant's qualified military service as service for vesting purposes, as though the Participant had resumed employment under USERRA immediately prior to the Participant's death.

(I) **HEART Act Disability Benefits.** If a Participant becomes Disabled on or after January 1, 2007, while performing qualified military service (as defined in Code § 414(u)(5)), the Plan will credit the Participant's qualified military service as service under the Plan, as though the Participant had resumed employment under USERRA immediately prior to the Participant's Disability..

ARTICLE 3

3. ADMINISTRATION, ACCOUNTS AND REPORTS

3.1. Plan Committee.

The Plan will be administered by a Plan Committee consisting of seven (7) members. The Plan Committee may formally designate one or more subcommittees of up to four (4) Committee members each to act on behalf of the Plan Committee on specified matters and such subcommittee shall have the same powers to act as the Plan Committee in such instances. References to Plan Committee include any such designated subcommittee.

The members of the Plan Committee should be selected based on their experience and qualifications with regard to investments, or their ability to understand and act on professional investment advice, as well as management

and/or employee/member relations responsibilities and experience. The members of the Plan Committee shall be: (1) the Director of the Personnel Department or the functional successor; (2) the Treasury Services Director of the Department of Finance and Administrative Services, or the functional successor; (3) the Director of Finance of the Department of Finance and Administrative Services, or the functional successor; (4) the Executive Director of the Retirement System, or the functional successor; (5) two union representatives selected by the Coalition of City Unions; and (6) a member-at-large selected by the four Plan Committee members that are City employees. As a general rule, there should not be more than two representatives of the City on the Plan Committee who are employed in the same department at any time; if this occurs the member(s)-at-large from that department shall resign from the Committee, generally within thirty (30) to sixty (60) days, with the vacancy to be filled as described below.

The members selected by the Coalition of City Unions shall serve for a term of three (3) years. Any such union member may be re-selected for additional three (3) year terms. Any selected union member need not be a Participant. The member selected by the City Plan Committee members designated by position title shall serve for a term of three (3) years. Any such member selected by the City Plan Committee may be re-selected for additional three (3) year terms.

Any member of the Committee may resign by notice in writing filed with the Trustee and the Committee. Any vacancy thus created shall be promptly

filled by the City or the Coalition of City Unions, as appropriate. Any person appointed to fill the vacancy of a selected member shall serve only until the end of the original term. The City shall appoint a replacement if a vacancy occurs in a City position. Any vacancies unfilled for ninety (90) days shall be filled by a majority vote of the remaining members of the Committee. If a vacancy occurs in the position occupied by a Coalition of City Unions member, the City shall give notice to the Coalition to appoint a new trustee. If no new member is appointed by the Coalition within the 90-day period for filling a vacancy, the Committee may select a represented employee to fill the vacancy.

3. 2. Officers and duties.

The Plan Committee shall choose from among its members a Chairperson and a Secretary. The Secretary shall keep minutes of the Committee's proceedings and all dates, records and documents pertaining to the Committee's supervision of the Plan. The Committee may adopt rules for the conduct of its meetings. The Committee may employ, and suitably compensate, such attorneys, actuaries, accountants, consultants, advisory, clerical or other employees as it may deem necessary for the performance of its duties.

3. 3. Decision-making procedure.

All actions of the Committee or a designated subcommittee shall be determined by vote of a majority of its members who may act with or without a meeting. Either the Chairperson or the Secretary may execute any certificate or other written direction on behalf of the Committee or a designated subcommittee.

A member of the Committee shall not vote on any question relating exclusively to the individual member or his or her Immediate Family; 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. 4. Limits of liability.

No member of the Committee shall be liable for any act or omission of any other member of the Committee or for any act or omission on his or her own part, except his or her own willful misconduct. The City shall indemnify and hold harmless, and defend each member of the Committee from any and all liabilities arising out of his or her membership on the Committee, except liabilities arising out of his or her own willful misconduct. The Committee shall make available to Participants and Beneficiaries, for examination during reasonable business hours, such records as pertain to the person wishing to examine the same. The indemnification provisions of this Section apply to the Trustees if such Trustees are also employees of the City, provided that a Trustee who is a union representative and not a City employee shall be indemnified under this provision. This provision shall not apply to an outside service provider who is compensated. The Committee shall notify the City as soon as possible of any such claims for which it may seek indemnification and defense under this provision, and consult with the City Attorney on choice of defense counsel. The City may elect to conduct the defense of the Committee through outside counsel.

3. 5. Powers of Plan Committee.

The Committee and any formally designated subcommittee shall administer and enforce the Plan in accordance with its terms and shall have all the powers convenient or necessary to accomplish that purpose including, but not limited to, the following powers:

- a) To determine all questions relating to the rights or of the eligibility of employees to become Participants and the value of a Participant's account;
- b) To certify to the Trustee the fact of retirement, death, termination of employment or of participation of any Participant;
- c) To interpret, construe and enforce the terms of the Plan and the rules and regulations it adopts, including interpretation of the Plan documents and documents related to the Plan's operation;
- d) To adopt rules of procedure and regulations necessary for the administration of the Plan provided the rules are not inconsistent with the terms of this Plan;
- e) To adopt amendments to the Plan on behalf of the City (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 interest of the Participants and their Beneficiaries; or (3) are necessary to maintain the Plan and/or the Trust in tax-qualified status under the Internal Revenue

Code §457, 501(a) as amended, and any other relevant Internal Revenue Code section, or to conform to any other law; and (4) which do not increase the City's contributions under this Plan.

- f) To direct the Trustee with respect to the crediting and distribution of the Trust;
- g) To review and render decisions respecting a claim for (or denial of a claim for) a benefit under the Plan and to establish a claims procedure for Participants and their Beneficiaries if necessary.
- h) To establish a policy in making distributions for unforeseeable emergencies;
- i) To furnish the City with information which the City may require for tax or other purposes;
- j) To comply with the reporting and disclosure rules, if any, applicable to the Plan.
- k) To establish, in its sole discretion, a nondiscriminatory policy which the Trustee must observe in making loans, if any, to Participants as set forth in Section 4.15.
- l) To review, approve or decline to approve any Qualified Domestic Relations Order ("QDRO") presented to the Plan for approval and to act upon such recommendations as the Plan Committee may adopt with respect to any QDRO.

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 their 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 City 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 City or Trustee.

3. 6. Transmittal of information.

To enable the Committee to perform its functions, the City shall supply full and timely information concerning the compensation of Participants, their retirement, death, 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 Trust.

3. 7. Expenses of administration.

The costs of carrying out the Plan will be borne by Participants through reasonable fees agreed to by the Plan Committee for administrative, record-

keeping, investment advice, legal counsel, audit and other services performed and for appropriate expenses incurred. A fee may take the form of an assessment calculated as a percentage of the current value of the Participant's account, a deduction measured by a payment or transaction, and/or a fixed charge for a service, among other reasonable methods. The Plan Committee may direct the Trustee to allocate fees and expenses for administration incurred pursuant to Section 5.6 as a charge against all Participant accounts on a pro rata basis.

3. 8. Accounts.

An account will be kept for everyone who participates in the Plan. Like all others, the Participant's account will be credited with a sum equal to the amounts deferred from the Participant's salary or wages; it will be adjusted to reflect the current market performance of the Participant's investment selection(s); and the Participant's account will be reduced by fees charged to the Participant's account as authorized by Section 3.7, unforeseeable emergency withdrawals under Section 4.6, or in-service cash out taken under Section 4.9. The adjustment will reflect interest, dividends, and other distributions received as well as investment gains or losses and any withdrawal ("surrender") fees. The current value of the Participant's account will determine the amount of benefits paid under Article 4.

3. 9. Deposit of deferrals into Trust and time lag.

Transfers to the Trust will be made within a period that is not longer than is reasonable for the proper administration of the accounts of Participants.

3. 10. Account report.

The Participant will be given a written report of the current value of the Participant's account at least annually. Unless the Participant makes written exception to the information supplied within sixty (60) days of its receipt, the Participant's statement will establish the current value of the Participant's account as of the account date.

3. 11. Annual Plan report.

An annual report on the operation and condition of the Plan (including a schedule of receipts and disbursements during the preceding year) will be filed with the City Clerk as a public record.

3. 12. Access to Plan records.

Upon reasonable notice the Participant may inspect records maintained for the Plan generally by the City or a Plan administrator and the Participant's account during normal business hours.

ARTICLE 4

4. BENEFITS

4. 1. Timing for distribution of benefits.

(a) Earliest availability of benefits.

Except for unforeseeable emergency withdrawals, in-service distributions and distributions under qualified domestic relations orders

allowed under Sections 4.6, 4.9, 4.10 and 4.13, the payment of the Participant's benefits under this Plan shall not begin prior to the Participant's permanent separation from the City or when the Participant attains age 70-1/2, if earlier. [Code § 457(d)(1)(A); Regs. § 1.457-6(a)]. The Participant's permanent separation from City service is the earliest of the following events: the Participant's resignation, retirement, the severance of the Participant's employment with the City, or the Participant's death.

(b) Distribution commencement date. Unless the Participant (or the Participant's Beneficiary) elects to begin distribution or transfers his or her account to another eligible plan, the distribution commencement date will be deferred until a later date, but no later than the date allowed under Section 4.1(c).

(c) Last date to commence distribution of benefits ("Required Beginning Date"). The Participant's distribution commencement date shall not be later than the last date for beginning distribution under this Plan, which shall be April 1st of the calendar year following the calendar year in which the Participant reaches age 70 1/2, and, if the Participant continues his or her service with the City beyond age 70 1/2, the Participant's distribution commencement date shall be no later than April 1st of the calendar year following the calendar year in which the Participant leaves City service. [Code §§ 457(d)(2) and 401(a)(9)(C).]

(d) Ordering Rule for Distributions. The Plan Committee operationally may implement an ordering rule procedure for distributions (including, but not limited to, unforeseeable emergency withdrawals or other in-service distributions) from a Participant's Accounts attributable to Pre-Tax Deferrals or Roth Deferrals. Such ordering rules may specify whether the Pre-Tax Deferrals or Roth Deferrals are distributed first. Furthermore, such procedure may permit the Participant to elect which type of Deferrals shall be distributed first.

4. 2. Election to begin distribution commencement date.

The Plan allows the Participant to elect the Participant's distribution commencement date provided it is not later than the date in 4.1(c). The Participant may change his or her elected distribution commencement date any number of times.

4. 3. Election of benefit distribution method.

(a) Election of method of distribution. The Participant's benefits may be paid in a lump sum or in periodic payments or such other method allowed by administrative rule, the Code, and its implementing regulations. The Participant must elect the method of distribution of benefits in accordance with rules and methods adopted by the Plan Committee. The Participant may revoke his or her election of a method of distribution after payments commence, and may increase or decrease his or her payments after the Participant's payments commence. If the Participant's beneficiary elects a

method of distribution, the period of time and the manner in which the benefits are distributed is governed by administrative rule.

(b) Minimum distribution requirements. If the Participant's benefits are distributed in periodic payments under this Plan, the amount and timing of such payments shall be governed by Section 4.11, administrative rule and the minimum distribution requirements of the Internal Revenue Code and its applicable regulations. [Code § 457(d)(2) and 401(a)(9).] The Participant's benefit payments must commence no later than the last date for beginning distribution under Section 4.1.

4.4. Designating a Beneficiary.

The Participant has the right and duty to designate a Beneficiary to receive benefits under this Plan if the Participant dies. Any Participant may from time to time designate, in writing, any person or persons, contingently or successively, to whom the Trustee will pay his or her benefits Participant in the event of his or her death. The Plan Committee will prescribe the form for the written designation of beneficiary and, upon the Participant's filing the form with the Plan Committee, the form effectively revokes all designations filed prior to that date by the same Participant. The Beneficiary designation of a married Participant or Participant with a state registered domestic partner ("SRDP") is not valid (whether married or registered at the time of the designation or later) unless the Participant's Spouse or SRDP consents in writing to the Beneficiary designation. The spousal or SRDP consent requirement in this paragraph does not apply if the Participant's Spouse or SRDP is the Participant's sole primary

Beneficiary. A married or SRDP Participant's Beneficiary Designation is not valid unless the Participant's Spouse or SRDP has consented in writing, the Spouse's or SRDP's consent acknowledges the effect of the designation, and a Notary Public notarizes the Spouse's or SRDP's consent. The validity of a Beneficiary designation is determined at the date of death. A designation may be valid when executed (e.g., no current Spouse or SRDP) but becomes invalid due to subsequent events (e.g., a marriage or registration of a SRDP).

The Plan Committee will accept as valid a consent which does not satisfy the spousal or SRDP consent requirements if the Plan Committee establishes that the Participant does not have a Spouse or SRDP, if the Plan Committee is not able to locate Participant's Spouse or SRDP, if the Participant is legally separated or has been abandoned (within the meaning of state law) and the Participant has a court order to that effect, or if other circumstances exist under which the Secretary of the Treasury would excuse the consent requirements under applicable Tax Code rules. If the Participant's Spouse or SRDP is legally incompetent to give consent, the Spouse's or SRDP's legal guardian (even if the guardian is the Participant) may give consent.

If the Participant fails to name a Beneficiary in accordance with the above procedures, or if the Beneficiary (and all contingent Beneficiaries) named by Participant predecease the Participant, are invalid for any reason, or disclaim the Participant's benefit and the Plan Committee has accepted the disclaimer as valid under applicable law, then the Trustee will pay the Participant's benefit in the following order of priority:

- (a) The Participant's surviving Spouse or SRDP; and if no surviving Spouse or surviving SRDP to
- (b) The Participant's surviving children, including adopted children, in equal shares; and if none to
- (c) The Participant's surviving parents, in equal shares; and if none to
- (d) The Participant's surviving brothers and sisters, in equal shares; and if none to
- (e) The Participant's estate.

Automatic Revocation of Spousal or SRDP Designation. A divorce decree, a decree of legal separation or dissolution, invalidation or termination of a state registered domestic partnership, revokes a Participant's designation, if any, of his or her Spouse, former Spouse or state registered domestic partner as his or her Beneficiary under the Plan unless the decree, order or a QDRO provides otherwise.

If the Beneficiary survives the Participant, but dies prior to distribution of the Participant's entire benefit, the Trustee will distribute the remaining benefit to the Beneficiary's estate unless the Participant's Beneficiary designation provides otherwise, or the Beneficiary has properly designated a beneficiary. A Beneficiary may designate a beneficiary for the Participant's Account Balance remaining at the Beneficiary's death only if the Participant has not previously designated a successive contingent beneficiary and the Beneficiary's designation otherwise complies with the Plan's terms. The Plan Committee will direct the

Trustee as to the method and to whom the Trustee will make payment under this Section 4.4.

Simultaneous Death of Participant and Beneficiary. If a Participant and his or her Beneficiary should die simultaneously, or under circumstances that render it difficult or impossible to determine who predeceased the other, then unless the Participant's Beneficiary designation otherwise specifies, the Plan Committee will presume conclusively that the Beneficiary predeceased the Participant.

Incapacitated Participant or Beneficiary. If, in the opinion of the Plan Committee or the Trustee, a Participant or Beneficiary entitled to a Plan distribution is not able to care for his or her affairs because he or she is a minor child or because of a mental or physical condition, at the direction of the Plan Committee, the Trustee may make the distribution to the Participant's or Beneficiary's court-appointed guardian, or court-appointed conservator, trustee, custodian (including under the Uniform Transfers or Gifts to Minors Act), his or her attorney-in-fact or to another legal representative or person authorized under state law to receive the benefit upon furnishing evidence of such status satisfactory to the Plan Committee and to the Trustee. The Plan Committee and the Trustee do not have any liability with respect to payments so made and neither the Plan Committee nor the Trustee has any duty to make inquiry as to the competence of any person entitled to receive payments under the Plan. Notwithstanding the above, where a trust is named as a Designated Beneficiary, the Plan Committee and Trustee may distribute Plan benefits in accordance with

the Participant's or Beneficiary's Beneficiary designation form although a trust beneficiary may be incapacitated.

Inability to Determine Beneficiary. In the event the Plan Committee is unable to determine the identity of a Participant's Beneficiary under circumstances of competing claims or otherwise, the Plan Committee may file an interpleader action seeking an order of the court as to the determination of the Beneficiary. The Plan Committee, the Trustee and other Plan fiduciaries may act upon any proper order issued under this provision in maintaining, distributing or otherwise disposing of a Participant's Account under the Plan terms, to any Beneficiary specified in the court's order.

The rules set forth in this Section 4.4 are for the administrative convenience of the Plan and are not required by law. These rules do not affect rights that a Participant may have under federal or state law such as community property laws. However, the Plan will follow these rules to determine how it will pay out benefits in the event of no beneficiary designation or in determining whether a designation is a valid or invalid designation.

4. 5. Payments to Beneficiaries.

If the Participant dies before drawing benefits or before all benefits are paid, benefits shall be paid to the Participant's Beneficiary in the manner provided by Section 4.4, 4.11 and administrative rule. Payments must be sufficiently rapid to satisfy the requirements of Code § 457(d)(2) and Code § 401(a)(9).

4. 6. Unforeseeable Emergency Withdrawal.

(a) Prior to a Participant's retirement or other severance from Employment, the Plan Committee may permit a distribution to the Participant in an amount reasonably needed to meet an "unforeseeable emergency." Roth Deferrals may be withdrawn on account of an unforeseeable emergency subject to the same conditions that apply to Pre-tax Deferrals, and provided the distribution is a "qualified distribution" within the meaning of Code § 402A(d)(2).

(b) An "unforeseeable emergency" is a severe financial hardship of the Participant resulting from: (1) an illness or accident of the Participant, the Participant's Beneficiary, or the Participant's or Beneficiary's Spouse, or dependent (as defined in Code § 152 without regard to § 152(b)(1), (b)(2) and (d)(1)(B)); (2) loss of the Participant's or Beneficiary's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by homeowner's insurance, e.g., as a result of a natural disaster); (3) the need to pay for the funeral expenses of the Participant's or Beneficiary's Spouse or dependent (as defined in Code § 152, without regard to Code § 152(b)(1), (b)(2), and (d)(1)(B)); or (4) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the Participant's or Beneficiary's control. The Participant's Beneficiary is a person who a Participant designates and who is or may become entitled to a Participant's Plan account upon the Participant's death.

- (c) No distribution on account of an unforeseeable emergency can be made to the extent that the Participant's unforeseeable emergency may be relieved through reimbursement or compensation from insurance or otherwise; by liquidation of the Participant's assets to the extent the liquidation would not itself cause severe financial hardship; or suspending the Participant's deferrals.
- (d) A distribution because of an unforeseeable emergency may not exceed the lesser of the current value of the Participant's account (see Section 3.2) or the amount required to satisfy the Participant's emergency need [Regs. §1.457-6(c)]. The Participant's account will be reduced by an amount equal to the distribution; and any balance remaining in the Participant's account after the payment will be payable as benefits in accordance with Section 4.1.
- (e) An unforeseeable emergency withdrawal is one of three ways in which distribution of a Participant's Plan account may be authorized prior to the Participant's permanent separation from active City service. The Participant may also receive an "in-service cash out election" payment if the conditions of Section 4.9 are satisfied. In addition, an Alternate Payee may receive a distribution while the Participant is still employed if the conditions of Section 4.10 are satisfied.

4.7. Account Balances of \$1,000 or Less.

Notwithstanding Sections 4.1, 4.2 and 4.3, if the amount of a Participant's Account Balance (Value) is not more than \$1,000 (or the

dollar limit under § 401(a)(31) of the Code, as amended, if greater) and the amount is eligible for distribution under Section 4.1, then payment shall be made to the Participant (or to the Beneficiary if the Participant is deceased) in a lump sum equal to the Participant's Account Balance as soon as practicable unless the Participant has elected a method of payment.

4. 8. Unclaimed Account Procedure.

If the Plan Committee is unable to locate any Participant or Beneficiary whose account becomes distributable under the terms of the Plan, the Plan Committee will apply the provisions of this Section 4.8.

(a) **Attempt to Locate.** The Plan Committee will use one or more of the following methods to attempt to locate a Participant: (1) provide a distribution notice to the Participant at his or her last known address by certified or registered mail; (2) use a commercial locator service, credit reporting agencies, the internet or other general search method; (3) use the Social Security Administration search program; (4) check with the administrator of other employee benefit plans of the Employer that may have more up-to-date information regarding the Participant's whereabouts; or (5) identify and contact the Participant's Beneficiary under Section 4.4. Regarding search methods (4) and (5) above, if the Plan Committee encounters privacy concerns, the Plan Committee may request that the Employer or other plan fiduciary (under (4)), or the Beneficiary (under (5)), contact the Participant or forward a letter requesting that the Participant contact the Plan Committee.

(b) **Failure to Locate.** If a lost Participant is not located for three (3) years following the date of the Plan Committee's last attempts to locate the lost Participant using one or more of the methods described in Section 4.8(a), the Plan Committee may forfeit the lost Participant's Account. Pending forfeiture, the Plan Committee may direct the Trustee to hold the Participant's Account in a segregated Account and to invest that segregated Account in federally insured interest bearing savings accounts or time deposits (or in a combination of both), or in other fixed income investments. If the Plan Committee forfeits the lost Participant's Account, the forfeiture occurs at the end of the above-described three (3) year period and is allocated to the Plan's expense account operated pursuant to Section 3.7, to pay administrative expenses of the Plan.

(c) **Subsequent Restoration of Forfeiture.** If a Participant whose Account was forfeited thereafter at any time but before the Plan has been terminated makes a valid claim for his or her forfeited Account, the Plan Committee will restore the forfeited Account to the same dollar amount as the amount forfeited, unadjusted for net income, gains or losses occurring subsequent to the forfeiture. The Plan Committee will make the restoration from the Plan expense account by the end of the calendar quarter following the calendar quarter in which the Participant makes the claim. If the expense account is insufficient to enable the Plan Committee to make the required restoration, the Plan Committee shall continue to allocate amounts from the expense account as of each calendar quarter until the entire amount is restored. The Plan Committee will direct the Trustee to distribute the

Participant's or Beneficiary's restored Accrued Benefit to him or her not later than 60 days after the close of the calendar quarter in which the Plan Committee restores the forfeited Accrued Benefit.

(d) **Nonexclusivity and Uniformity.** The provisions of Section 4.8 are intended to provide permissible but not exclusive means for the Plan Committee to administer the Accounts of missing Participants. The Plan Committee may utilize any other reasonable method to locate missing Participants and to administer the Account of such Participants, including the default rollover permitted under Revenue Ruling 2000-36 and such other methods as the Internal Revenue Service or the U.S. Department of Labor ("DOL") may in the future specify. The Plan Committee will apply Section 4.8 in a reasonable, uniform and nondiscriminatory manner, but may in determining a specific course of action as to a particular Account, reasonably take into account differing circumstances such as the amount of a Participant's Account, the expense in attempting to locate a Participant, the Plan Committee's ability to establish and the expense of establishing a rollover IRA, and other factors. The Plan Committee may establish rules governing such matters as it deems necessary to effectuate this Section, including charging the Account of such Participant the reasonable expenses incurred under this Section 4.8 and which are associated with the missing Participant's Account without regard to whether or when the Plan Committee actually locates or makes a distribution to the Participant.

4.9. In Service cash-out election before separation.

The Participant may elect to receive a lump sum "in-service cash out" distribution prior to the Participant's permanent separation from City service provided that: (i) no deferrals have been made to the Participant's account for the previous twenty-four (24) month period, (ii) the Participant's account balance (not attributable to rollover contributions) is less than the dollar limit under Code § 411(a)(11)(A) (\$5,000 as of 2013), and (iii) the Participant has not previously received an in-service cash out distribution under this Plan. Payment will be made after the City receives and approves the Participant's written request for payment. Roth Deferrals may be withdrawn under this Section 4.9 [subject to the same conditions that apply to Pre-tax Deferrals, and further provided the distribution is a "qualified distribution" within the meaning of Code § 402A(d)(2)[Code §457(e)(9)(A).]

4.10. Distributions under Domestic Relations Orders.

Nothing contained in this Plan prevents the Trustee, in accordance with the direction of the Plan Committee, from complying with the provisions of a Qualified Domestic Relations Order as defined in Code § 414(p)(11). This section specifically permits an Alternate Payee the right to receive an immediate distribution. It does not permit the Alternate Payee to receive a form of payment not otherwise permitted under the Plan.

The Plan Committee may establish reasonable procedures to determine whether the domestic relations order is qualified. This may include communicating with the Participant, the Alternate Payee named in the order or

an authorized representative(s), about required content and format and/or a sample domestic relations order.

Within a reasonable period of time after receiving a domestic relations order, the Plan Committee will evaluate the submitted domestic relations order, and notify the party submitting the order of its qualification status. Within a reasonable period of time after receiving the domestic relations order, the Plan Committee will notify the Participant and each Alternate Payee, in writing, of its determination. The Plan Committee will provide notice under this paragraph by mailing to the addresses specified in the domestic relations order, or in a manner consistent with Department of Labor regulations applicable to ERISA plan.

After the Plan Committee determines the domestic relations order is qualified, the Plan Committee will separately account for the amounts payable under the qualified domestic relations order until the amounts are distributed. The Trustee will make any distributions required under this section by separate benefit checks or other separate distribution to the Alternate Payee(s). [Code § 414(p)(11); Reg. § 1.457-10(c)]

4.11. Minimum Distribution Requirements.

(A) General Rules.

(1) Effective Date. The provisions of this Section will apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 calendar year.

(2) Precedence. The requirements of this Section will take precedence over any inconsistent provisions of the Plan.

(3) Requirements of Treasury Regulations

Incorporated. All distributions required under this Section will be determined and made in accordance with the Treasury regulations under § 401(a)(9) of the Internal Revenue Code.

(B) Time and Manner of Distribution.

(1) Required Beginning Date. The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's required beginning date.

(2) Death of Participant Before Distributions Begin. If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(a) If the Participant's surviving Spouse is the Participant's sole designated Beneficiary, then, except as provided in Section F, below, distributions to the surviving Spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70-1/2, if later.

(b) If the Participant's surviving Spouse is not the Participant's sole designated Beneficiary, then, except as provided in Section F, below, distributions to the designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(c) If there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(d) If the Participant's surviving Spouse is the Participant's sole designated Beneficiary and the surviving Spouse dies after the Participant but before distributions to the surviving Spouse begin, this Section 4.11(B)(2) other than Section 4.11(B)(2)(a), will apply as if the surviving Spouse were the Participant.

For purposes of this Section 4.11(B)(2) and Section 4.11(D), unless Section 4.11(B)(2)(d) applies, distributions are considered to begin on the Participant's required beginning date. If Section 4.11(B)(2)(d) applies, distributions are considered to begin on the date distributions are required to begin to the surviving Spouse under Section 4.11(B)(2)(a).

(3) Unless the Participant's interest is distributed in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with paragraphs (C) and (D) of this Section 4.11.

(C) Required Minimum Distributions During Participant's Lifetime.

(1) **Amount of Required Minimum Distribution for Each Distribution Calendar Year.** During the Participant's lifetime, the

minimum amount that will be distributed for each distribution calendar year is the lesser of:

(a) the quotient obtained by dividing the Participant's account balance by the distribution period in the Uniform Lifetime Table set forth in §1.401(a)(9)-9, Q&A 2, of the Treasury regulations, using the Participant's age as of the Participant's birthday in the distribution calendar year; or

(b) if the Participant's sole designated Beneficiary for the distribution calendar year is the Participant's Spouse, the quotient obtained by dividing the Participant's account balance by the number in the Joint and Last Survivor Table set forth in § 1.401(a)(9)-9 of the Treasury regulations, using the Participant's and Spouse's attained ages as of the Participant's and Spouse's birthdays in the distribution calendar year.

(2) Lifetime Required Minimum Distributions Continue Through Year of Participant's Death. Required minimum distributions will be determined under this Section (C) beginning with the first distribution calendar year and up to and including the distribution calendar year that includes the Participant's date of death.

(D) Required Minimum Distributions after Participant's Death.

(1) Death on or After Date Distributions Begin.

(a) Participant Survived by Designated Beneficiary. If the Participant dies on or after the date distributions begin and

there is a designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's designated Beneficiary, determined as follows:

(1) The Participant's remaining life expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(2) If the Participant's surviving Spouse is the Participant's sole designated Beneficiary, the remaining life expectancy of the surviving Spouse is calculated for each distribution calendar year after the year of the Participant's death using the surviving Spouse's age as of the Spouse's birthday in that year. For distribution calendar years after the year of the surviving Spouse's death, the remaining life expectancy of the surviving Spouse is calculated using the age of the surviving Spouse as of the Spouse's birthday in the calendar year of the Spouse's death, reduced by one for each subsequent calendar year.

(3) If the Participant's surviving Spouse is not the Participant's sole designated Beneficiary, the designated Beneficiary's remaining life expectancy is calculated using the age of the Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(b) No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no designated Beneficiary as of September 30 of the year after the year of the Participant's death, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the Participant's remaining life expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(2) Death Before Date Distributions Begin.

(a) Participant Survived by Designated Beneficiary. Except as provided in the Plan, if the Participant dies before the date distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant's designated Beneficiary, determined as provided in Section (D)(1).

(b) No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(c) Death of Surviving Spouse before Distributions to Surviving Spouse Are Required to Begin. If the Participant

dies before the date distributions begin, the Participant's surviving Spouse is the Participant's sole designated Beneficiary, and the surviving Spouse dies before distributions are required to begin to the surviving Spouse under Section (B)(2)(a), this Section (D)(2) will apply as if the surviving Spouse were the Participant.

(E) Definitions.

(1) Designated Beneficiary. The individual who is designated as the Beneficiary under Section 4.4 of the Plan and is the designated Beneficiary under § 401(a)(9) of the Internal Revenue Code and § 1.401(a)(9)-1, Q&A-4, of the Treasury regulations.

(2) Distribution Calendar Year. A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant's required beginning date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin under Section (B)(2). The required minimum distribution for the Participant's first distribution calendar year will be made on or before the Participant's required beginning date. The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant's required beginning date occurs, will be made on or before December 31 of that distribution calendar year.

(3) Life Expectancy. Life expectancy as computed by use of the Single Life Table in § 1.401(a)(9)-9, Q&A 1, of the Treasury regulations.

(4) Participant's Account Balance. The account balance as of the last Valuation Date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the account balance as of dates in the valuation calendar year after the Valuation Date and decreased by distributions made in the valuation calendar year after the Valuation Date. The account balance for the valuation calendar year includes any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.

(5) Required Beginning Date. The date specified in Section 4.1 of the Plan.

(F) Election to Allow Participants or Beneficiaries to Elect 5-Year Rule.

Participants or Beneficiaries may elect on an individual basis whether the 5-year rule or the life expectancy rule in Sections (B)(2) and (D)(2) of Section 4.11 of the Plan applies to distributions after the death of a Participant who has a designated Beneficiary. The election must be made no later than the earlier of September 30 of the calendar year in which distribution would be required to begin under Section 4.11(B)(2) or by September 30 of the calendar

year which contains the fifth anniversary of the Participant's (or, if applicable, surviving Spouse's) death. If neither the Participant nor Beneficiary makes an election under this paragraph, distributions will be made in accordance with Sections (B)(2) and (D)(2) of Section 4.11 of the Plan.

4.12. Direct Rollovers of Plan Distributions.

(a) Direct Rollovers. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Participant's election, a Participant may elect, at the time and in the manner prescribed by the Plan Committee, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Participant in a direct rollover. For purposes of this Section 4.12, a Participant includes as to their respective interests, a Participant's surviving Spouse and the Participant's Spouse or former Spouse who is an Alternate Payee under a QDRO. A non-Spouse Designated Beneficiary also has rollover rights as described in Section 4.12(e). The Plan Committee may develop procedures as it deems necessary or desirable to comply with the requirements applicable to direct transfers, including any exceptions to the requirements and subsequent changes made by law or Treasury Regulations.

(b) Rollover and Withholding Notice. At least 30 days but not more than 180 days prior to the Trustee's distribution of an Eligible Rollover Distribution, the Plan Committee will provide a written notice explaining to the distributee the rollover option, the applicability of mandatory 20% federal income tax withholding to any amount not directly rolled over, and the recipient's right to roll over the

distribution within 60 days after the date of receipt of the distribution (“rollover notice”). If applicable, the rollover notice will also explain the availability of income averaging and the exclusion of net unrealized appreciation. A recipient of an Eligible Rollover Distribution (whether he or she elects a Direct Rollover or elects to receive the distribution), also may elect to receive distribution at any administratively practicable time which is earlier than 30 days following receipt of the rollover notice. The distribution notice will include a description of a Participant’s right, if any, to defer receipt of a distribution and also will describe the consequences of failing to defer receipt of the distribution.

(c) **Limitation on Roth Rollovers.** A Participant’s Roth Deferral Account only may be transferred by means of a Direct Rollover to a qualified defined contribution plan described in Code § 401(k), to a Code § 403(b) plan that permits Roth deferrals, or to a governmental 457(b) plan which permits Roth deferrals. A Participant also may transfer the taxable portion of his or her Roth Elective Deferral Account by a 60-day rollover to a qualified defined contribution plan under Code § 401(k), to a Code § 403(b) plan, or to a governmental 457(b) plan. A Participant’s Roth Deferral Account also may be transferred by a Direct Rollover or by a 60-day rollover to a Roth Individual Retirement Plan.

(b) **Definitions.**

(1) **Direct Rollover .** A Direct Rollover is a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

(2) **Distributee.** A Distributee includes a Participant, surviving Spouse, and the Employee’s or former Employee’s Spouse, former Spouse, child

or other dependent who is the Alternate Payee under a qualified domestic relations order, as defined in Code § 414(p).

(3) **Eligible Retirement Plan.** An Eligible Retirement Plan is an individual retirement account described in Code § 408(a), an individual retirement annuity described in Code § 408(b), an annuity plan described in Code §§ 403(a) or 403(b), a qualified trust described in Code § 401(a), or an eligible plan described in Code § 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan. The definition of Eligible Retirement Plan shall also apply in the case of a distribution to a surviving Spouse, or to a Spouse or former Spouse who is the Alternate Payee under a qualified domestic relation order, as defined in Code § 414(p).

(4) **Eligible Rollover Distribution.** An Eligible Rollover Distribution is any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include: (a) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or Life Expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's Designated Beneficiary, or for a specified period of ten years or more; (b) any distribution to the extent such distribution is required under Code § 401(a)(9) and 457(d)(2); (c) the portion of any distribution that is made

as a result of unforeseeable emergency of the employee; (d) a corrective distribution; (e) a deemed distribution from a defaulted Participant loan which is not also an offset distribution; (f) any distribution that is not includable in gross income; and (g) any distribution which otherwise would be an Eligible Rollover Distribution, but where the total distributions to the Participant during that calendar year are reasonably expected to be less than \$200.

(5) Individual Retirement Account. An Individual Retirement Account (IRA) is an individual retirement account described in Code § 408(a) or an individual retirement annuity described in Code § 408(b), and, as the context requires, includes a Roth individual retirement account or a Roth individual retirement annuity.

(e) Non-Spouse Designated Beneficiary Direct Rollover. For distributions made after December 31, 2009, a non-Spouse designated beneficiary under Code § 401(a)(9)(E) and the regulations thereunder (including a trust which qualifies as a designated beneficiary) may roll over directly an Eligible Rollover Distribution to an Eligible Retirement Plan; provided that for this purpose, an Eligible Retirement Plan is an Individual Retirement Plan that the non-Spouse designated beneficiary establishes for purposes of receiving the distribution and which is treated as an inherited IRA under Code § 408(d)(3)(C). If a non-Spouse designated beneficiary receives a distribution from the Plan, the distribution is not eligible for a 60-day rollover.

(1) **Certain Requirements Not Applicable Before 2010.** Although a non-Spouse designated beneficiary may roll over directly a distribution as provided in this Section 4.12(e), any distribution made prior to January 1, 2010, is not subject to the Direct Rollover requirements of Code § 401(a)(31) (including Code § 401(a)(31)(B)), the notice requirements of Code § 402(f) or the mandatory withholding requirements of Code § 3405(c).

(2) **Required Minimum Distributions Not Eligible for Rollover.** A non-Spouse Designated Beneficiary may not roll over an amount which is a required minimum distribution. If the Participant dies before his or her required beginning date and the non-Spouse Designated Beneficiary rolls over to an IRA the maximum amount eligible for rollover, the Beneficiary may elect to use either the 5-year rule or the life expectancy rule, pursuant to Treas. Reg. § 1.401(a)(9)-3, A-4(c), in determining the required minimum distributions from the IRA that receives the non-Spouse Beneficiary's Direct Rollover distribution.

4.13. In-Service Transfers for Purchase of Defined Benefit Plan Service

Credits.

A Participant may elect in writing, on a form prescribed and supplied by the Plan Committee, to withdraw all or a portion of the Participant's Account for the purpose of (a) purchasing permissive service credit (as defined in Code § 415(n)(3)(A)) under the receiving governmental defined benefit retirement plan; or (b) repaying a prior cash-out distribution to which Code § 415 does not apply

by reason of Code § 415(k)(3). Any such withdrawal will be transferred directly to the Trustee of the Defined Benefit Governmental Plan.

4.14. Rollover Contributions.

Any Participant, with the Plan Committee's consent and after filing any form(s) prescribed by the Plan Committee, may make a "Rollover Contribution" to the Plan. A Rollover Contribution means a contribution of cash or property (including a Participant loan from another plan) which the Code permits a Participant to transfer directly or indirectly to this Plan from another Eligible Retirement Plan (or vice versa) within the meaning of Code § 402(c)(8)(B).

(a) Policy Regarding Rollover Acceptance. Before accepting a Rollover Contribution, the Plan Committee may require an Employee to furnish satisfactory evidence that the proposed transfer is in fact a "Rollover Contribution" which the Code permits an Employee to make to a qualified plan. The Committee in its sole discretion may decline to accept a Rollover Contribution of property which could: (i) generate unrelated business taxable income; (ii) create difficulty or undue expense in storage, safekeeping or valuation; (iii) create other administrative problems for the Plan or Trust.

The Plan Committee, operationally and on a uniform and nondiscriminatory basis, may limit the source of Rollover Contributions that may be accepted by this Plan. The Plan Committee may adopt, amend or terminate any procedures and rules as it deems necessary or desirable to comply with the requirements and guide its decisions regarding Rollover Contributions it will accept.

The Trustee will invest the Rollover Contribution as part of and in the same manner as the rest of the Trust Fund. As of the Valuation Date for each Plan Year, the Plan Committee will allocate and credit the net income (or net loss) from an Employee's Rollover Contributions Account and the increase or decrease in the fair market value of the assets of the Rollover Contributions Account in the same manner as all other Participant Accounts. The Plan shall separately account for eligible rollover distributions from any eligible retirement plan. It may further elect to separately account for eligible rollover distributions that are not from an eligible deferred compensation plan described in Code § 457(b) maintained by an eligible governmental employer described in Code § 457(e)(1)(A). Except as set forth by the Commissioner of the Internal Revenue Service in Revenue Rulings, Notices and other guidance, the limitations on distribution set forth in Section 4.1 apply to any amounts held in a separate account for eligible rollover distributions. In accordance with Rev. Rul. 2004-12 the Committee will allow the Participant to request a distribution of the Participant's rollover accounts at any time. The Plan Committee may establish non-discriminatory rules governing such withdrawals and other administrative details.

The Plan Committee shall develop such procedures, and may require such information from a City officer or Employee desiring to make such a transfer, as it deems necessary or desirable to determine that the proposed transfer will meet the requirements of this paragraph. Upon approval by the Trustee, the amount transferred shall be deposited in the Trust Fund. Such

amount shall be one hundred percent (100%) vested and shall share proportionally in the profits and income and in the losses and expenses of the Trust Fund. Upon termination of employment or retirement, the rollover amount, increased and/or decreased as herein above provided, shall be distributed in accordance with Article 4.

(b) Roth Limitation. The Plan will accept a rollover contribution of Roth Deferrals only if it is a direct rollover from another Plan which permits Roth Deferrals as described in Code Section 402A(e)(1) and only to the extent the rollover is permitted under Code Section 402(c). The Employer, operationally and on a uniform and nondiscriminatory basis, may decide whether to accept any such rollovers.

4.15. Participant Loans.

(a) Loan Policy. The Plan Committee may adopt a written loan policy which 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. The Plan Committee may modify the Plan loan policy to limit the ability to borrow from, or use as security, a Participant's Roth Deferral account. Similarly, the loan policy may be modified to provide for an ordering rule with respect to the default of a loan that is made from

the Participant's Roth Deferral account and other accounts under the Plan. This Section 4.15 specifically incorporates a written loan policy as part of the Plan.

(b) Requirements for Plan Loans. The Trustee, as directed by the Plan Committee will make a Plan loan to a Participant or to a Beneficiary in accordance with the loan policy, provided: (1) loans are available to all Participants on a reasonably equivalent basis; (2) the loan is adequately secured and bears a reasonable rate of interest; (3) the loan provides for repayment within a specified time (except that the loan policy may suspend loan payments pursuant to Code § 414(u)(4) or otherwise in accordance with applicable law); (4) the default provisions of the promissory note permit offset of the Participant's vested account balance only at the time when the Participant has a distributable event under the Plan; and (5) the amount of the loan does not exceed the maximum amount permitted under the loan policy or Code §72(p).

(c) Default on a Loan. If a Participant defaults on a loan made pursuant to the loan policy, the outstanding balance of the loan should be treated as a deemed distribution. However, an actual distribution of a Plan loan offset amount will not occur until a distributable event occurs in the Plan. At that time, the Plan Committee will reduce the Participant's Account by the lesser of the amount in default (plus accrued interest, if any) or the Plan's security interest in the Participant's Account.

4.16. Health and Long-Term Care Insurance Distributions.

(a) **Election to deduct from distribution.** An Eligible Retired Public Safety Officer may elect annually for that taxable year to have the Plan deduct an

amount from a distribution which the Eligible Retired Public Safety Officer otherwise would receive and include in income. The plan will pay such deducted amounts directly to the provider as described in Section 4.16(b), to pay qualified health insurance premiums.

(b) Direct payment. The Plan will pay directly to the provider of the accident or health insurance plan or qualified long-term care insurance contract the amounts the Eligible Retired Public Safety Officer has elected to have deducted from the distribution. Such amounts may not exceed the lesser of \$3,000 or the amount the Participant paid for such taxable year for qualified health insurance premiums, and which otherwise complies with Code § 402(l).

(c) Definitions.

(1) Eligible retired public safety officer. An "Eligible Retired Public Safety Officer" is an individual who, by reason of disability or attainment of normal retirement age, is separated from service as a Public Safety Officer with the Employer.

(2) Public safety officer. A "Public Safety Officer" has the same meaning as in §1204(9)(A) of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796b(9)(A)).

(3) Qualified health insurance premiums. The term "qualified health insurance premiums" means premiums for coverage for the Eligible Retired Public Safety Officer, his/her Spouse, and dependents, by an accident or health insurance plan or qualified long-term care insurance contract (as defined in Code § 7702B(b)).

ARTICLE 5

5. CUSTODIAN/TRUSTEE, POWERS AND DUTIES

5.1. Acceptance and Trust Committee.

The Trustee accepts the Trust created under the Plan and agrees to perform the obligations imposed. The Trustee agrees to hold the Trust Fund in trust for the exclusive benefit of the Participants and their Beneficiaries in accordance with the provisions of this Plan and Trust.

The Trustee shall be the Plan Committee unless it appoints an ancillary Trustee under Section 5.18. There shall be no need to distinguish between the Plan Committee and Trustee functions. Where signature of the Trustee is required, the Plan Committee member(s) shall sign as Plan Committee member and/or Trustee. Where there are references in this Article to communication or direction between the Trustee and the Plan Committee, it shall be deemed to apply to an outside or ancillary Trustee, if appointed. Members of the Plan Committee do not have to show communication or direction between themselves as Plan Committee and as Trustees.

5.2. Investment Advisory Committee.

In accordance with RCW 35.39.080, there is also established an Investment Advisory Committee which is also the Plan Committee.

5.3. Receipt of contributions.

The Trustee is accountable to the City for the funds contributed to it by the City, but does not have any duty to see that the contributions received comply with the provisions of the Plan.

5.4. Investment powers.

(a) Trustee powers. The Trustee has full discretion and authority with regard to the investment of the Trust Fund, except with respect to a Plan asset under the control or direction of a properly appointed Investment manager or with respect to a Plan asset properly subject to City, Participant or Plan Committee direction of investment. The Trustee must coordinate its investment policy with Plan financial needs as communicated to it by the Plan Committee. The Trustee is authorized and empowered, but not by way of limitation, with the following powers, rights and duties:

- (1) To invest any part or all of the Trust Fund in any common or preferred stocks, open-end or closed-end mutual funds, put and call options traded on a national exchange, United States retirement plan bonds, corporate bonds, debentures, convertible debentures, commercial paper, U.S. Treasury bills, U.S. Treasury notes and other direct or indirect obligations of the United States Government or its agencies, improved or unimproved real estate situated in the United States, limited partnerships, insurance contracts of any type, mortgages, notes or other property of any kind, real or

personal, to buy or sell options on common stock on a nationally recognized exchange with or without holding the underlying common stock, to buy and sell commodities, commodity options and contracts for the future delivery of commodities, and to make any other investments the Trustee deems appropriate, as a prudent person would do under like circumstances with due regard for the purposes of this Plan. Any investment made or retained by the Trustee in good faith is proper but must be of a kind constituting a diversification considered by law suitable for trust investments.

- (2) To retain in cash so much of the Trust Fund as it may deem advisable to satisfy liquidity needs of the Plan and to deposit any cash held in the Trust Fund in a bank account at reasonable interest.
- (3) To invest, if the Trustee is a bank or similar financial institution supervised by the United States or by a State, in any type of deposit of the Trustee (or of a bank related to the Trustee within the meaning of Code § 414(b)) at a reasonable rate of interest or in a common trust fund, as described in Code §584, or in a collective investment fund, the provisions of which govern the investment of such assets and which the Plan incorporates by this reference, which the

Trustee (or its affiliate, as defined in Code §1504) maintains exclusively for the collective investment of money contributed by the bank (or the affiliate) in its capacity as trustee and which conforms to the rules of the Comptroller of the Currency.

- (4) To manage, sell, contract to sell, grant options to purchase, convey, exchange, transfer, abandon, improve, repair, insure, lease for any term even though commencing in the future or extending beyond the term of the Trust, and otherwise deal with all property, real or personal, in such manner, for such considerations and on such terms and conditions as the Trustee decides.
- (5) To credit and distribute the Trust as directed by the Plan Committee. The Trustee is not obliged to inquire as to whether any payee or Distributee is entitled to any payment or whether the distribution is proper or within the terms of the Plan, or as to the manner of making any payment or distribution. The Trustee is accountable only to the Plan Committee for any payment or distribution made by it in good faith on the order or direction of the Plan Committee.
- (6) To borrow money, to assume indebtedness, extend mortgages and encumber by mortgage or pledge; to make loans on a nondiscriminatory basis to a Participant in

accordance with the loan policy established by the Plan Committee, provided any loan is adequately secured, bears a reasonable rate of interest, provides for repayments within a specified time, prohibits offset of the Participant's Account for loan default prior to the time the Trustee otherwise would distribute the Participant's Account, and otherwise conforms to the Participant loan exemption provided by Code § 457 and regulations thereunder.

- (7) To compromise, contest, arbitrate or abandon claims and demands, in its discretion.
- (8) To have with respect to the Trust all of the rights of an individual owner, including the power to give proxies, to participate in any voting trusts, mergers, consolidations or liquidations, and to exercise or sell stock subscriptions or conversion rights.
- (9) To lease for oil, gas and other mineral purposes and to create mineral severances by grant or reservation; to pool or unitize interests in oil, gas and other minerals; and to enter into operating agreements and to execute division and transfer orders.
- (10) To hold any securities or other property in the name of the Trustee or its nominee, with depositories or agent

depositories or in another form as it may deem best, with or without disclosing the trust relationship.

- (11) To perform any and all other acts in its judgment necessary or appropriate for the proper and advantageous management, investment and distribution of the Trust.
- (12) To retain any funds or property subject to any dispute without liability for the payment of interest, and to decline to make payment or delivery of the funds or property until final adjudication is made by a court of competent jurisdiction.
- (13) To file all tax returns required of the Trustee.
- (14) To furnish to the City and the Plan Committee an annual statement of account showing the condition of the Trust Fund and all investments, receipts, disbursements and other transactions effected by the Trustee during the Plan Year covered by the statement and also stating the assets of the Trust held at the end of the Plan Year, which accounts are conclusive on all persons, including the City and the Plan Committee, except as to any act or transaction concerning which the City or the Plan Committee files with the Trustee written exceptions or objections within 90 days after the receipt of the accounts or for which applicable law authorizes a longer period within which to object.

- (15) To begin, maintain or defend any litigation necessary in connection with the administration of the Plan, except that the Trustee is not obliged or required to do so unless indemnified to its satisfaction.

(b) Participant Loans. This Section 5.4(b) specifically authorizes the Trustee to make loans on a nondiscriminatory basis to a Participant or to a Beneficiary in accordance with the loan policy established by the Plan Committee under Plan Section 4.15.

5.5. Records and statements.

The records of the Trustee pertaining to the Plan must be open to the inspection of the Plan Committee and the City at all reasonable times and may be audited from time to time by any person or persons as the City or Plan Committee may specify in writing. The Trustee must furnish the Plan Committee with whatever information relating to the Trust Fund the Plan Committee considers necessary.

5.6. Fees and expenses from Fund.

The Trustee will receive reasonable annual compensation as may be agreed upon from time to time between the City and the Trustee. No person who is receiving full pay from the City may receive compensation for services as Trustee. The Trustee will pay from the Trust Fund all fees and expenses reasonably incurred by it in its administration of the Plan unless the City pays such fees and expenses. Any fee or expense paid, directly or indirectly, by the

City is not an employer contribution to the Plan, provided the fee or expense relates to the ordinary and necessary administration of the Fund.

5.7. Parties to litigation.

Except as otherwise provided by applicable law, no Participant or Beneficiary is a necessary party or is required to receive notice of process in any court proceeding involving the Plan, the Trust Fund or any fiduciary of the Plan. Any final judgment entered in any proceeding will be conclusive upon the City, the Plan Committee, the Trustee, Custodian, Participants and Beneficiaries.

5.8. Professional agents.

The Trustee may employ and pay from the Trust Fund reasonable compensation to agents, attorneys, accountants and other persons to advise the Trustee as in its opinion may be necessary. The Trustee may delegate to any agent, attorney, accountant or other person selected by it any non-Trustee power or duty vested in it by the Plan, and the Trustee may act or refrain from acting on the advice or opinion of any agent, attorney, accountant or other person so selected.

5.9. Distribution of cash or property.

The Trustee may make distribution under the Plan in cash or property, or partly in each, at its fair market value as determined by the Trustee.

5.10. Distribution directions.

If no one claims a payment or distribution made from the Trust, the Trustee must promptly notify the Plan Committee and then dispose of the payment in accordance with the subsequent direction of the Plan Committee.

5.11. Notice to third parties dealing with multiple trustees.

No person dealing with the Trustee is obligated to see to the proper application of any money paid or property delivered to the Trustee, or to inquire whether the Trustee has acted pursuant to any of the terms of the Plan. Each person dealing with the Trustee may act upon any notice, request or representation in writing by the Trustee, or by the Trustee's duly authorized agent, and is not liable to any person in so acting. The certificate of the Trustee that it is acting in accordance with the Plan will be conclusive in favor of any person relying on the certificate. If more than two persons act as Trustee, a decision of the majority of such persons controls (with or without a meeting) with respect to any decision regarding the administration or investment of the Trust Fund or of any portion of the Trust Fund with respect to which such persons act as Trustee. However, the signature of only one Trustee is necessary to effect any transaction on behalf of the Trust.

5.12. Resignation.

See Article 3 or Section 5.18 if for resignation or removal of ancillary Trustee.

5.13. Removal.

See Article 3 or Section 5.18 for resignation or removal of ancillary Trustee.

5.14. Interim duties and successor Trustee.

Each successor Trustee succeeds to the title to the Trust vested in his or her predecessor by accepting in writing his or her appointment as successor Trustee and by filing the acceptance with the former Trustee and the Plan Committee without the signing or filing of any further statement. The resigning or removed Trustee, upon receipt of acceptance in writing of the Trust by the successor Trustee, must execute all documents and do all acts necessary to vest the title of record in any successor Trustee. Each successor Trustee has and enjoys all of the powers, both discretionary and ministerial, conferred under this Plan upon his or her predecessor. A successor Trustee shall not be personally liable for any act or failure to act of any predecessor Trustee, except as required under federal law. With the approval of the City and the Plan Committee, a successor Trustee, with respect to the Plan, may accept the account rendered and the property delivered to it by a predecessor Trustee without incurring any liability or responsibility for so doing.

5.15. Valuation of Trust.

The Trustee will value the Trust Fund as of each Valuation Date to determine the fair market value of each Participant's Account in the Trust. The Trustee will also value the Trust Fund on such other Valuation Dates as directed by the Plan Committee.

5.16. Limitation on liability - if investment manager, ancillary trustee or independent fiduciary appointed.

The Trustee is not liable for the acts or omissions of any investment manager the Plan Committee or Trustee may appoint, nor is the Trustee under any obligation to invest or otherwise manage any asset of the Plan which is subject to the management of a properly appointed investment manager. The Plan Committee, the Trustee and any properly appointed investment manager may execute a letter agreement as a part of this Plan delineating the duties, responsibilities and liabilities of the investment manager with respect to any part of the Trust Fund under the control of the investment manager.

The limitation on liability described in this Section 5.16 also applies to the acts or omissions of any ancillary trustee or independent fiduciary properly appointed under Section 5.18 of the Plan. However, if the Trust Committee, pursuant to the delegation described in Section 5.18 of the Plan, appoints an ancillary trustee, the Trust Committee is responsible for the periodic review of the ancillary trustee's actions and must exercise its delegated authority in accordance with the terms of the Plan and in a manner consistent with applicable law. The City, the Trust Committee and an ancillary trustee may execute a letter agreement as a part of this Plan and Trust delineating any indemnification agreement between or among the parties.

5.17. Investment in group trust fund.

The Trustee, for collective investment purposes, may combine into one trust fund the Trust created under this Plan with the Trust created under any other

qualified retirement plan the City maintains. However, the Trustee must maintain separate records of account for the assets of each Trust in order to reflect properly the value of each Participant's Account under the Plan(s) in which he or she is a Participant.

5.18. Appointment of ancillary trustee or independent fiduciary.

The Trust Committee, in writing, may appoint any person in any State to act as ancillary trustee with respect to all or a designated portion of the Trust Fund. An ancillary trustee must acknowledge in writing its acceptance of the terms and conditions of its appointment as ancillary trustee and its fiduciary status. The ancillary trustee has the rights, powers, duties and discretion as the Trust Committee may delegate, subject to any limitations or directions specified in the instrument evidencing appointment of the ancillary trustee and to the terms of the Plan or applicable law. The investment powers delegated to the ancillary trustee may include any investment powers available under Section 5.4 of the Plan including the right to invest any portion of the assets of the Trust Fund in a common trust fund, as described in Code §584, or in any collective investment fund, the provisions of which govern the investment of such assets and which the Plan incorporates by this reference, but only if the ancillary trustee is a bank or similar financial institution supervised by the United States or by a State and the ancillary trustee (or its affiliate, as defined in Code §1504) maintains the common trust fund or collective investment fund exclusively for the collective investment of money contributed by the ancillary trustee (or its affiliate) in a trustee capacity and which conforms to the rules of the Comptroller of the Currency. The Trust

Committee also may appoint as an ancillary trustee, the trustee of any group trust fund designated for investment pursuant to the provisions of Section 5.17 of the Plan.

The ancillary trustee may resign its position at any time by providing at least 30 days' advance written notice to the Trust Committee, unless the Trust Committee waives this notice requirement. The Trust Committee, in writing, may remove an ancillary trustee at any time. In the event of resignation or removal, the Trust Committee may appoint another ancillary trustee, return the assets to the control and management of the Trustee or receive such assets in the capacity of ancillary trustee. The Trust Committee may delegate its responsibilities under this Section 5.18 to a Trustee under the Plan.

5.19. Standard of care.

The Trustee, each investment manager, ancillary trustee or independent fiduciary and the Plan Committee shall discharge their respective investment duties as provided herein with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims and by diversifying the investments held hereunder consistent with investment policies, objectives and guidelines so as to minimize the risk of large losses, unless under the Plan or circumstances it would be clearly not prudent to do so.

5.20. Limits of liability.

No member of the Trust Committee shall be liable for any act or omission of any other member of the Committee, or for any act or omission on his or her own part, except his or her own willful misconduct. The City shall indemnify, hold harmless and defend each current or former member of the Committee from any and all liabilities arising out of his or her membership on the Committee, except liabilities arising out of his or her own willful misconduct, provided that a Trustee who is a union representative who is not a City employee shall be indemnified under this provision. This provision shall not apply to an outside service provider who is compensated. The Trust Committee, and any current or former member, shall notify the City as soon as possible of any such claims for which it may seek indemnification and defense under this provision, and consult with the City Attorney on choice of defense counsel. The City may elect to conduct the defense of the Committee through outside counsel.

ARTICLE 6

6. MISCELLANEOUS

6.1. No assignment or alienation.

Except as provided in Sections 4.10 and 4.15, neither a Participant nor the Participant's beneficiary, or any of the Participant's creditors or their creditors (if any), shall have any claim or right to commute, sell, assign, pledge, transfer or otherwise convey or encumber the right to receive any payments under the Plan

or Trust and the Trustee will not recognize any such anticipation, assignment or alienation. The payments and rights under this Plan are nonassignable and nontransferable by operation of law. Further, a Participant's or Beneficiary's interest in the Trust is not subject to attachment, garnishment, levy, execution, or other legal or equitable process.

Except as provided in Article 5, the City shall have no beneficial interest in any assets of the Trust established therein, and no part of any asset in the Trust shall ever revert to or be paid to the City, either directly or indirectly; nor shall any part of the corpus or income of the Trust Fund, or any asset of the Trust, be, at any time, used for, or diverted to, purposes other than the exclusive benefit of the Participants or their Beneficiaries, and for defraying reasonable expenses of administering the Plan. The Trust Fund shall constitute a spendthrift trust under applicable state and federal law.

6.2. Transfers between eligible plans.

This Plan will accept plan-to-plan transfers of deferred compensation accounts for employees who enter City service from another employer with an eligible governmental plan established under Code § 457. Conversely, if the Participant leaves City service to take a position with another employer with an eligible governmental plan, upon the notice to the City as provided in this section, the City will directly transfer the Participant's account to the Participant's new employer for deposit in its plan as long as the receiving plan accepts such transfers [Regs. § 1.457-10(b)]. If the Participant wishes to effect a plan to plan transfer, the Participant must give notice to the City in writing and identify the

eligible employer with whom the Participant has accepted employment. Such transfer may be by distribution and a direct rollover so long as any distribution is made payable only to the recipient plan.

6.3. Priority.

This is a group plan. The concerns of the City and the need to accommodate all Participants as a whole comes first in Plan administration, adopting rules, setting fees and charges, and in making decisions that could affect many even though a practice, rule, charge or decision in a particular situation may seem unjust or arbitrary or cause hardship.

6.4. Successors.

The Plan is binding upon the Employer, Trustee, Plan Committee, all service providers to the Plan, Participants, Beneficiaries and all other persons entitled to benefits, and upon the successors and assigns of the foregoing persons.

6.5. Entire agreement.

The Plan and Trust Document, as supplemented by implementing ordinances, written rules and procedures enacted from time to time, constitutes the Plan. In the event of any conflict between the provisions of this Plan and the terms of any other oral or written statement, the provisions of the Plan control. Participant Participant

ARTICLE 7

7. A MENDMENT AND TERMINATION

7.1. Amendment/termination.

The City or the Plan Committee on behalf of the City may at any time amend, modify, or terminate the Plan with or without the Participant's consent (or of any beneficiary) or of all Participants. The City reserves the power to participate in the State of Washington Deferred Compensation Plan; the Library Board reserves the same authority as to Library personnel, and the authority to establish its own Plan.

7.2. Notice.

Amendments to the Plan will be enacted in the manner contemplated by the City Charter for City ordinances or, if proposed by the Plan Committee, in accordance with Plan Section 3.5(e). Wherever practical 30 days advance notice of proposed amendments to the Plan Document shall be provided, a public hearing will be held at which Participants may be heard, and a copy of the proposed amendment will be supplied to Participants. An adopted copy shall be filed with the City Clerk.

7.3. Limitation on amendments.

No amendment to the Plan will deprive the Participant of any benefits to which the Participant is entitled under the Plan with respect to deferred amounts credited to the Participant's account before the effective date of the amendment. However, the City may at any time amend the Plan, in the event such amendment is necessary to qualify the Plan for tax exemption notwithstanding

that such amendment may have the effect of depriving a Participant or Beneficiary of a right or benefit which has accrued.

7.4. Result of termination.

If the Plan is terminated or frozen, the City will continue to maintain the accounts of Participants and Beneficiaries until all benefits have been distributed in accordance with Article 4. If the City elects to participate in the State of Washington deferred compensation plan, the City may transfer all deferred amounts to the State as long as Participants receive credit with the state plan for their accounts balances with the City; the Library Board reserves the same authority as to Library personnel.

ARTICLE 8

8. DISC LAIMERS AND LIMITATIONS

8.1. Employment unaffected.

Enrolling in the Plan will not give the Participant any right to continue the Participant's service with the City nor restrict in any way the City's rights to terminate the Participant's service. Deductions for Social Security purposes (Federal Insurance Contributions Act), the City Employees' Retirement System, workers' compensation and other state or City benefits, shall be based upon the salary or wages the Participant receives as if no deferrals to the Plan are made.

8.2. Disclaimer as to tax impact.

The City makes no representation of any kind as to the benefits of the Plan or the tax consequences that may occur to the Participant. The Participant should consult the Participant's own counsel on these matters.

8.3. Assumption of risks.

The Participant accepts and assumes all risks of participation in the Plan. The City, the Plan Committee and/or the Trust Committee will not be liable for any loss due to market fluctuations, failure of investments, default by an investment provider, or errors or misappropriation by any of the Plan's service providers. Any service provider, investment provider, or financial institution will be an independent contractor responsible for its own actions.

ARTICLE 9

9. DE FINITIONS

9.1. Account Value.

A Participant's Account Value will be an amount, in trust, which will represent the current value of all contributions made by the Employer and all the amounts deferred, less administrative fees and expenses, plus gains or minus losses from market fluctuations, and, if applicable, deductions for withdrawal (surrender) fees.

9.2. Beneficiary.

Beneficiary means the person designated by the Participant in accordance with the Plan and rules established by the Plan Committee to receive benefits under the Plan after the death of the Participant.

9.3. Catch-up Contributions.

(a) Age 50 Catch-up. See Section 2.4.(c).

(b) Last Three Years Catch-up. See Section 2.4.(b).

9.4. City.

City means The City of Seattle.

9.5. Code.

Code means the Internal Revenue Code of 1986 as amended..

9.6. Deferred amount.

Deferred amount means the part of the Participant's wage or salary which the City and the Participant mutually agree shall be deferred pursuant to this Plan and Trust.

9.7. Employee.

Employee means any person who is employed by the City and identified as an employee in the City's Municipal Code. An Employee does not include any person identified by the City as an independent contractor or temporary agency employee even if that person is later reclassified as an employee by the City, any governmental agency or court.

9.8. Immediate Family

Immediate Family has the meaning set forth in SMC 4.16.030 as now or hereafter amended.

9.9. Includable compensation.

Includable compensation means the Participant's compensation from the City reported to the Internal Revenue Service for federal income tax purposes. Such term does not include payments made on the Participant's behalf for retirement system purposes under Ordinance 111992 and Code § 414(h), and other non-taxable income. Such term does include elective contributions made by the City on the Employee's behalf. Elective contributions are amounts excludible from the Employee's gross income under Code §§ 125, 132(f)(4), 402(e)(3), 402(h), 403(b), 408(p) or 457 and contributed by the Employer, at the Employee's election, to a cafeteria plan, a qualified transportation fringe benefit plan, Code § 401(k) arrangement, a SARSEP, a tax-sheltered annuity, a SIMPLE plan, or a Code § 457 plan. Amounts under § 125 include any amounts not available to a Participant in cash in lieu of group health coverage because the Participant is unable to certify that he or she has other health coverage. An amount will be treated as an amount under § 125 only if the Employer does not request or collect information regarding the Participant's other health coverage as part of the enrollment process for the health plan. It is determined without taking into account Washington's community property laws [Code § 457(e)(5); § 415(c)(3); Regs. § 1.457-2(g)].

9.10. Investment Advisory Committee.

Investment Advisory Committee means the group of individuals appointed as the Trust Committee pursuant to Section 5.1.

9.11. Normal retirement age.

See Section 2.4.(e).

9.12. Participant.

Participant means any person for whom an account is maintained under the Plan.

9.13. Pay period.

Pay period means the regular calendar interval of City employment by which the Participant's salary or wages are paid.

9.14. Plan.

Plan means this City of Seattle Voluntary Deferred Compensation Plan and Trust Agreement as it now exists or hereafter may be amended.

9.15. Plan Ceiling.

Plan Ceiling means the lesser of: (i) the applicable dollar amount within the meaning of Code § 457(b)(2)(A), as adjusted for the cost-of-living in accordance with Code § 457(e)(15), or (ii) one hundred percent (100%) of the Participant's "Includible Compensation."

9.16. Plan Committee.

Plan Committee means the group of individuals appointed as such pursuant to Section 3.1 and shall be the Trustee pursuant to Section 5.1.

9.17. Plan Year.

Plan Year means the 12-month period ending on December 31.

9.18 Regs.

Regs is an abbreviation for the Regulations implementing the Internal Revenue Code, Title 26, Code of Federal Regulations.

9.19. Required Beginning Date.

See Section 4.1(c).

9.20. Spouse.

Spouse shall mean a person married to an Employee or City officer except where it would conflict with Federal law.

9.21. Trust.

Trust means the separate Trust created under this Plan.

9.22. Trustee.

Trustee means the Trust Committee appointed as such pursuant to Section 5.

9.23. Unforeseeable emergency.

See Section 4.6.

9.24. Valuation Date.

Valuation Date means the last day of each Plan Year and such other date or dates as may be designated by the Plan Committee.

ARTICLE 10

10. EFFECTIVE DATE

Unless otherwise stated herein, the provisions of this Amended Agreement are effective as of July 10, 2013.

ARTICLE 11

11. TRUSTEES

NOW THEREFORE, the Trustees accept the Trust created under the Plan and agree to perform the obligations imposed, and in recognition of the premises recited above, the Plan Committee Members - Trustees have signed below.

PLAN COMMITTEE MEMBERS - TRUSTEES:



Director of Personnel Department



Director of Finance of the Department of Finance and Administrative Services



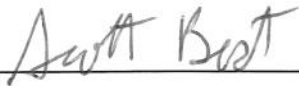
Treasury Services Director of the Department of Finance and Administrative Services



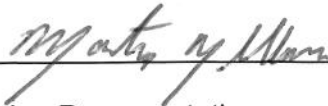
Executive Director of the Retirement System



Member at Large



Union Representative



Union Representative

RULES IMPLEMENTING THE CITY'S DEFERRED COMPENSATION PLAN

These Rules implement the City's Deferred Compensation Plan. In case of conflict, the Plan and amendments to the Plan Document control. These rules are in effect unless amended, revoked, or superseded. The rules in Part G interpret and apply particular language in 26 USC §457 and provide guidance to the Plan Committee and City officials. If and to the extent that an authoritative opinion of a court or of the Internal Revenue Service rules directly on the issue, the Plan Committee or a City official may follow that decision rather than the guidance of the rules in Part G.

"You" means the Participant in the City's Deferred Compensation Plan.

A. Enrollment

Rule A-1. Enrollment Services. Enrollment services are provided in a manner specified by the Plan Committee. The Plan's third party administrator ("TPA") Committee can be contacted for detailed information.

Rule A-2. Time to Reconsider. A copy of the Plan Document is available on the City's Inweb at <http://personnelweb/benefits/library/forms.aspx> or can be obtained in hard copy from Deferred Compensation staff in Personnel. After enrolling, you may withdraw from the Plan before any payroll deduction is taken without any penalty. Participation in the Plan is entirely voluntary.

Rule A-3. Changes in Amount Deferred. You may change the amount of your deferral or stop your deferral at any time. However, the City Finance Director may decline to accept "year-end" increases in deferrals, which are presented in November and to occur only in December. (Section 2.03 of the

Plan Document explains when a change takes effect.) Additionally as discussed in Section 2.4, the Plan may disregard a Participant's deferral election and/or refund excess contributions, when the Participant's deferral elections are impermissible or exceed any applicable Code limits.

Rule A-4. Method of Making Transfers in Investment Selections.

You, or if you die, your beneficiary, may transfer funds between the Plan's investment options by speaking by phone with a representative of the TPA in a recorded conversation, via the TPA's automated voice response system, by meeting with an on-site TPA representative, or by transferring funds at the TPA's site for Participants. Transfer of funds among investment options is subject to written confirmation by the TPA in the manner that securities transactions are conducted under the rules of the New York Stock Exchange or of the National Association of Securities Dealers and subject to the terms and conditions for crediting Participant account values in the City's contract with the TPA. For cause the TPA may require that transfer between securities investments be authorized in writing in advance.

Transfers to or from the investment selection of the Seattle Metropolitan Credit Union of Seattle may require a written authorization.

B. Deferrals

Rule B-1. "Includable Compensation." To calculate your "includable compensation" for determining how much of your compensation that you can defer, the City will use wage and salary reporting forms it supplies to the United States Internal Revenue Service. Certain payments, which are not reported as

income to you for federal income tax purposes, are excluded, e.g., retirement contributions and workers' compensation payments.

In cases of doubt, the City Personnel Department Director's determination is final.

Rule B-2. Exclusions from "Includable Compensation." Your "includable compensation" excludes amounts paid to you under the Internal Revenue Code § 105(d) (relating to wage continuation plans) and/or § 911 (relating to citizens or residents of the United States living abroad).

Rule B-3. Schedule Deferrals.

Unless you are using the "catch-up" provision," your total annual deferral must be not more than the lesser of the applicable dollar amount within the meaning of Code § 457(b)(2)(A), as adjusted for the cost-of-living in accordance with Code § 457(e)(15), or one hundred percent (100%) of the Participant's Includable Compensation earned from the City during the calendar year at the time your deferral is made.

Rule B-4. Ranking of Payroll Deductions. Mandatory payroll deductions take precedence over deferrals, as prioritized in accordance with applicable law and collective bargaining agreements, in the payroll system used by the City of Seattle. If your remaining pay after deferrals are deducted would not be sufficient to cover all mandatory deductions, the amount of your elective deferrals will be reduced to the extent necessary to satisfy the mandatory deductions.

Rule B-5. Compensatory Offsets. If the City has deducted an incorrect amount your pay due to an error or a late charge, the City may, in its discretion, offset the incorrect amount against your future pay rather than revise and correct the affected payroll warrant. Any such offset will be made as soon as administratively practicable.

C. Designation of Beneficiaries

Rule C-1. Making a Designation. You are responsible for designating one or more “primary beneficiaries” to receive benefits under the Plan in the event of your death and for naming one or more “contingent beneficiaries” to receive benefits under the Plan if your primary beneficiary should die before you or within ten days of your death. You should make your designations by completing a form supplied by the Plan Committee and filing it with the TPA. You should make sure that the addresses of your beneficiary(ies) are current and inform the TPA of any changes of address in writing.

Rule C-2. Designation by People Who Are Married or Who Have a State Registered Domestic Partner (“SRDP”). If you are married or have a SRDP, your Spouse or SRDP must give his or her written consent for you to designate anyone other than your Spouse or SRDP as your primary beneficiary(ies), even if the named Beneficiary is a trust or estate of which your Spouse or SRDP is a beneficiary. Consent is also required to remove your Spouse or SRDP as your primary beneficiary. The consent requirement applies whether you are married or in a SRDP at the time of the beneficiary designation or later.

If consent is not properly provided, or if there are other questions or ambiguities as to the proper beneficiary designation, distribution may be delayed while the Plan consults with legal counsel and/or interpleads the matter with a court.

Rule C-3. Naming Two or More Beneficiaries. If you name two or more primary beneficiaries, each survivor will share in the benefits equally unless you indicate otherwise. If you name two or more contingent beneficiaries, any benefits paid to the contingent beneficiaries will be apportioned equally among them unless you indicate otherwise

Rule C-4. Change in Beneficiaries. You may change a primary or contingent beneficiary at any time, subject to the consent requirement described in Rule C-2 above.

D. Account Statements

Rule D-1. Account Statements. You should examine your quarterly account statements promptly and bring any errors or omissions to the attention of the Plan Committee. Your inquiry or complaint must be made within sixty (60) days in writing.

E. Payment of Benefits

Rule E-1. Proof May Be Needed. In order to receive benefits under the Plan, you or your beneficiary may need to present proof of age, identity, marriage, or death. The amount of proof for uniformed personnel will be measured by the evidence required by the Washington Law Enforcement

Officers' and Fire Fighters' Retirement Systems, and for other City personnel by the Seattle City Employees' Retirement System.

Rule E-2. Survivorship. To make sure that your beneficiary(ies) survives you for ten or more days, the City will delay making payment to a beneficiary until at least sixty-one (61) days after your death.

Rule E-3. Payment to a Trust. Your designation of a trust as your beneficiary authorizes payment to the trustee as full satisfaction of the City's obligation; the City will not be responsible for making inquiry about the trust or for the trustee's performance. If you fail to make a designation of beneficiary or none of your beneficiaries survive you, the City will pay the benefits according to the default order set out in Plan Section 4.4.

Rule E-4. Doubt About Payment. If the City has any doubt as to whom to make payment, the City may in its discretion pay the benefits into the registry of a court for judicial determination.

Rule E-5. Distribution to Participants after separation from service. After separation from service with the City, your accumulated deferrals (your "benefits") shall be paid to you in one or more installments as selected by you pursuant to Rules E-8 and E-9. The value of your benefits will be based on their market value at the time of the transfer less any administrative fees or expenses due to the Plan.

Rule E-6. Distribution in the event of death of Participant. In the event of your death, whether before or after separation from service, your benefits shall be paid to your beneficiary or beneficiaries designated by you

pursuant to Rules C-1 through C-4. Your benefits shall be paid out as provided in Rules E-5 through E-9. If no beneficiary is designated as provided in the Plan, or if the designated beneficiary does not survive you by a period of ten days, then a lump sum shall be paid in accordance with Plan Section 4.11 to your estate

Rule E-7. Distribution in event of death of beneficiary. In the event a beneficiary survives you by ten days and becomes entitled to receive benefits, benefits shall become payable to the beneficiary's estate pursuant to Plan Section 4.11 on the second month following the beneficiary's death.

Rule E-8. Elections regarding distribution. You (or if you die, each of your beneficiary(ies) other than an organization or an estate) shall elect the date when you wish payout to begin (your "distribution commencement date") and the payout period (your "method of distribution ") in the following manner.

(A) Election regarding time of payment ("distribution commencement date"). You may elect to begin your distribution after your separation from City service (or if your beneficiary makes the election, after your death). Unless you elect to begin distribution or you transfer your account to another eligible plan, the Plan treats your distribution as deferred until a later date. Any election to roll over your account from the Seattle City Employees' Retirement System to the 457 Plan must be made prior to terminating employment with the City.

(B) Election regarding method of payment ("method of distribution"). You (or your beneficiary) upon making an election regarding the distribution commencement date, may also elect the period over which payments

will be made (“the method of distribution”). The method of distribution election may be made at any time you or your beneficiary elect to begin distributions. Once having made this election of method, you (or your beneficiary, other than an organization or estate) may change the method of distribution prior to or even after payments begin, including the ability to revoke his or her election of a method of distribution, increasing or decreasing his or her payments after payments begin so long as elections comply with minimum distribution rules in Plan Section 4.11. Your beneficiary may also make this election after your death where you were already receiving payments, but, as provided in Rule E-9 (C), your beneficiary must receive distribution at least as rapidly as it was being distributed to you. Your beneficiary must make an election of distribution method after your death, and if no election is made the Plan may begin distribution as provided in subsection (D) of this section.

(C) How elections are made. You or your beneficiary will make elections allowed under this section in the manner designated by the Plan Committee

(D) Consequences in absence of a timely election regarding time of payment. Regardless of an election to defer distribution, payments must begin not later than April 1st of the calendar year following the calendar year in which the Participant reaches age 70 ½ (if the Participant is no longer employed). If the Participant’s benefits are distributed in periodic payments, the amount and timing of such payments must meet the minimum payout requirements of § 457 (d)(2)

of the Internal Revenue Code and its applicable regulations known as the minimum distribution rules.

If verification of your mailing address cannot be obtained by the week prior to the date of distribution, the distribution will be delayed until the next payment cycle following the date such information becomes available.

(E) Effects of certain employment changes. Transfers of your accounts from the City's deferred compensation plan to another eligible retirement plan or individual retirement arrangement ("IRA") will be made by the Plan, provided the receiving plan will accept the transfer, the distribution is an eligible rollover distribution and you provide the name of the eligible retirement plan or IRA or other information to enable the Plan to arrange a transfer or direct rollover. The Internal Revenue Code now allows transfers or rollovers of your 457 plan assets to most other types of IRS qualified retirement plans or IRAs but does not require such plans to accept rollovers or transfers.

(F) Consequences in absence of an election regarding method of payment. In the absence of an election regarding the period of time over which payment will be made, payment will be deferred unless required under the minimum distribution rules described in subsection (D) of this rule.

(G) Payment to an organization or estate. Any amount payable to an organization or estate shall be paid in a lump sum as prescribed in Plan Section 4.11.

Rule E-9. Distribution of deferrals (benefits). All payments are subject to the limitations in Plan Section 4.11. You must either receive a lump sum

payment or periodic payments. Once payments to you begin, you may accelerate or defer payments, or increase or reduce the payments under the schedule provided such actions continue to comply with minimum distribution requirements.

F. Ancillary Provisions

Rule F-1. Powers of Attorney. If you want to give another person a power of attorney or appointment to change your beneficiaries, your investment selections, or your distribution election, you must expressly authorize your agent to make those decisions for you. A general power of attorney in broad language will not be accepted as authorizing such a delegation of your decision-making on these.

Rule F-2. Domestic Relations Orders.

A. Segregation of Assets for Alternate Payees. The Plan will establish an account for the Spouse, former Spouse, child or other named dependent of a Participant upon the Plan Committee's receipt and acceptance of a qualified domestic relations order providing for the division of the Participant's benefits under the Plan. The Plan specifically permits a QDRO to provide for the immediate payout of the amount awarded the Alternate Payee. A QDRO must not require the Plan Committee to violate the terms of the Plan, its implementing rules, the Internal Revenue Code or its regulations.

B. Acceptance of a Domestic Relations Order. No action to segregate or otherwise recognize the claim of a Participant's former Spouse will be taken unless the Plan Committee is served with a copy of a court order providing for all

of the following without reference to any separate document unless the separate document is attached:

1. The court order must state that it is entered pursuant to state domestic relations law and that the order relates to the provision of child support, alimony, or marital property rights to a Spouse, former Spouse, child or other dependent of the Participant.
2. The court order must refer unambiguously to the City of Seattle Voluntary Deferred Compensation Plan.
3. The court order must clearly specify the name and mailing address of the Participant, and the name and mailing address of the Alternate Payee. The requester must provide date of birth and taxpayer identification number of the Alternate Payee in or along with the domestic relations order to establish an account and receive a distribution.
4. The court order must specify the amount or percentage of the Participant's account, or clearly state the method or manner in which the amount or percentage is to be determined, to be segregated for the Alternate Payee. The court order must also specify how the payment obligation concerning any outstanding Plan loan is to be allocated.
5. The court order must specify the date of segregation if the Participant is not yet receiving payout under the Plan, or, if the Participant is currently receiving payout, the court order must specify the beginning date of transfer of the Participant's benefits and the amount or

percentage (or clearly state the method by which the amount or percentage is to be determined).

6. The court order must specify whether earnings or losses on the amount segregated will accrue to the account subsequent to the segregation date until distributed and if not must clearly state that the amount to be segregated and distributed is without earnings or losses regardless of when distributed. The latter (segregation and later distribution without earnings or losses) will generally only be allowed if the order requires an immediate distribution.
7. The court order must describe the form of benefit payment and timing, which must be consistent with the Plan. The Plan now permits an immediate lump sum distribution to an Alternate Payee Account.
8. The Plan can then establish an account in the Alternate Payee's name, subject to the terms and conditions of the Plan, with the Alternate Payee managing the sub-account, transferring its assets among the investment options offered by the Plan, receiving a separate account statement, designating a beneficiary or beneficiaries, etc.
9. A sample DRO may be obtained from Deferred Compensation staff in the City's Personnel Department. Staff is responsible for reviewing the QDRO. Upon acceptance, staff should complete the QDRO Acceptance Checklist Short Form, and return it to the record-keeper along with the QDRO for processing.

C. Domestic Relations Orders -- Provisions Not Acceptable. The Plan Committee will not accept a Domestic Relations Order that provides for any of the following:

1. The court order requires the purchase of investments or distribution of benefits in a form or method other than those provided by the Plan.
2. The court order does not clearly specify the amount or percentage of benefits or clearly describe a method of calculating the amount or percentage to be segregated.
3. The court order specifies a tax treatment of the benefits that is inconsistent with the tax code (i.e., with regard to the taxes to be paid by the Alternate Payee or the Participant.) The order may state that the tax characterization of the distribution may be determined by Internal Revenue Service regulations and rulings.
4. The court order assigns the benefits to the Alternate Payee in violation of the non-assignment provisions of the Plan.
5. The court order requires payment of benefits to an Alternate Payee which are required to be paid to another Alternate Payee under another qualified domestic relations order.

If a domestic relations order contains any of the above provisions, the Plan Committee may reject the order and require the Participant to obtain a new order conforming to these requirements.

D. Alternate Payee Sub-Account. When a qualified domestic relations order has been accepted by the Plan Committee, an Alternate Payee account will be established in the Alternate Payee's name.

1. The assets will be segregated into an account for the Alternate Payee, and the sub-account will be subject to the same terms and conditions of the Plan as if the Alternate Payee were a Participant.
2. The Alternate Payee will be allowed to manage the account, transfer its assets among the investment options offered by the Plan, request a distribution and receive a separate account statement.
3. The Alternate Payee's sub-account will be subject to applicable administrative fees, restrictions on investment transfers, and the ordinances and administrative rules established for the Plan.
4. The Alternate Payee assumes all risks inherent in participating in the Plan and its investment selections.
5. The Alternate Payee will be allowed to designate a beneficiary or beneficiaries for the sub-account.
6. The Alternate Payee will be responsible for keeping the Plan Committee informed of changes in address, and the City and the Plan Committee will not be responsible for the failure to receive notices or the Alternate Payee's failure to timely exercise options under the Plan because of the Alternate Payee's failure to keep the Plan Committee informed of address changes.

7. The Alternate Payee will be eligible to receive distribution at his or her election unless the order specifies otherwise. A divorce by itself without further proof of hardship shall not be considered an unforeseeable emergency hardship for purposes of an unforeseeable emergency withdrawal by a Participant.
8. The City will comply with all applicable tax reporting and withholding requirements when complying with an order requiring segregation of benefits to the Alternate Payee or when making a distribution of benefits to the Alternate Payee pursuant to the provisions of the Plan. The Participant must seek independent tax advice concerning the tax consequences of any distribution, as the City will not be responsible for advising either party regarding the tax consequences of any particular distribution methodology required by an otherwise acceptable qualified domestic relations order. The City may seek tax advice or a ruling with regard to the tax characterization of the distribution, and delay distribution until the advice or a ruling is received.
9. If, subsequent to the establishment of an account, the Alternate Payee becomes an employee of the City and enrolls in the Deferred Compensation Plan, the funds held for the individual as an Alternate Payee will be segregated from the funds held for the individual as an Employee/Participant.

Rule F-3. Election of distribution date for separated Participants. If you have already separated from City service prior to the date the Plan was

amended in 1998, and you have not commenced payment of your benefits or previously elected a beginning date for commencement of your benefits, you will be treated as having made an election to defer distribution.

Rule F-4. Plan Committee meetings and mailing address.

The Plan Committee will conduct a regular business meeting every other month (generally January, March, May, July, September and November). The dates, time and location of the meetings will be announced, at a minimum, in quarterly Participant statements. If the location, date or time is changed or the meeting is cancelled, a notice will be posted electronically on the City's Inweb (and/or circulated through its email system), circulated to Benefits Representatives throughout the City for posting in their departments, and posted outside the meeting location two working days in advance of the scheduled meeting date.

Correspondence to the Deferred Compensation Plan Committee can be sent to the City of Seattle Personnel Department, 700 5th Ave., Suite 5500, P.O. Box 34028, Seattle, WA 98124-4028.

G. Interpretive Rules

Rule G-1. Under-utilization Limitation for Earlier Years. In order to satisfy IRS §1.457-4(c)(3), under-utilization limitations, you may only apply the years of City employment on or after November 1, 1985, while you were eligible to participate in the City Plan, to calculate the "plan ceiling" for purposes of the "catch-up" provision in Section 2.4. The coordination rule described in Section

2.4(e) applies only to those years prior to 2002 during which you were also a Participant in this Plan. Reg. § 1.457-4(c)(3)(ii) and (iii).

Rule G-2. Coordination with Deferrals to another 457(b) Plan. If you participate in more than one eligible plan under Code § 457(b), the limit on annual deferrals under Section 2.4(a) is determined on an aggregate basis (Reg. § 1.457-5). You are responsible for designating how the deferral limit will be allocated across the plans in which you participate. Excess deferrals will be distributed in accordance with Plan Section 2.4(e)..

H. Bringing a Claim (Appeal) Before the Plan Committee

Rule H-1. Establishing a Claim. If Participants, Spouses, beneficiaries or their representatives believe that they are being denied rights or benefits under the Plan, they may file a claim with the Plan Committee. To do so, the complainant must request reconsideration in writing (brief email or fax is acceptable) no later than 30 calendar days after the decision. (FAILURE TO DO SO WILL RESULT IN THE CLAIM BEING PROCESSED IN ACCORDANCE WITH THE ORIGINAL DECISION AND MAY ELIMINATE THE OPPORTUNITY TO OBTAIN A MODIFICATION OR REVERSAL OF THE DECISION.)

Rule H-2. Scheduling of the Reconsideration Hearing. Upon receipt of the request for reconsideration of the decision, senior Plan staff will inform the Committee that a formal appeal request has been made, schedule the reconsideration hearing in collaboration with the Committee Chair, and answer any questions either the Committee or the employee may have. The

reconsideration hearing will generally be scheduled to take place no later than 60 calendar days following receipt of the reconsideration request, following which a written decision will be rendered.

Rule H-3. Material Required of Complainant.

No later than 14 calendar days prior to the scheduled appeal hearing the aggrieved claimant should file a more extensive reconsideration request which succinctly:

1. Describes the claim and the Committee decision, ruling or other action to be reviewed for reconsideration
2. Sets forth all the grounds upon which the appeal is based, including any supporting facts and other pertinent matters. (Additional, relevant written statement and documents may be submitted, although they are not required.)
3. States the facts which bear upon the claim, specifying those facts that warrant reversal or modification of the prior decision.
4. Specifies any pertinent documents or records the complaining Participant wishes to review prior to the hearing. The Participant may, but is not required, to submit comments in writing.
5. Indicates whether the complaining Participant wishes to appear before the Plan Committee to present. The Participant is not required to appear personally.

Additionally, the Participant may contact Deferred Compensation staff at deferredcompquestions@seattle.gov for procedural assistance at any time in the process.

Rule H-3. Committee Role in Addressing the Complaint. The Plan Committee, or a designated Sub-Committee, will make a full and fair review of the record, including the written and oral information submitted, and will issue a written opinion granting or denying the claim. Depending on the situation, the Plan Committee may inform other affected parties (e.g., the record keeper, a beneficiary) of the request for review and hearing and will accept and consider any of their statements and comments concerning the matter.

I. Addressing Unforeseeable Emergency Withdrawal (UEW) Requests

Rule I-1. Requesting a UEW. Plan Participants may initiate a request for a withdrawal of account funds due to unforeseeable emergencies (hardships) by contacting the TPA. Written requests using the standard form are usually sent by the Participant directly to the TPA by mail or by fax. When an application is faxed directly by the Participant to Deferred Compensation staff, the form is forwarded to the TPA and the process going forward is the same.

Rule I-2. Recordkeeping Role. The TPA reviews the application to assure it is complete and contains the supporting documentation needed to assess whether the situation warrants a UEW as described in the Plan Document, the record-keeper's description of applicable rules, and IRS rules. Following its review, the record-keeper sends a secure e-mail to the City's Deferred Compensation staff that includes the entire application and its

recommendation as to whether the UEW request should be approved or declined.

Rule I-3. Plan Staff Role. Once the e-mail is received by Deferred Compensation staff, the request is summarized on an electronic template including information about the Participant's own and household income, expenses, overdue payments and an explanation of the circumstances surrounding the need for an unforeseeable emergency withdrawal. Deferred Compensation staff will generally indicate on the form whether the Participant has had loan and/or UEW prior requests and how recently. The staff summary should not include any identifiers such as sex, race, position, job title, department, etc.

This information is then forwarded by e-mail, along with a document which provides general information on the standards that must be met for a situation to warrant an UEW, to the three-member Subcommittee assigned to review withdrawal requests on behalf of the full Plan Committee, and to senior staff of the Deferred Compensation Plan.

Rule I-4. Subcommittee Review. The decision to authorize the a distribution due to an unforeseeable emergency requires a majority vote -- 2 out of 3 of the Subcommittee reviewers. The Subcommittee's decision will generally be issued within 5 business days, although there are times when additional or supporting documentation may be requested, delaying the decision. In making its decision, the the Subcommittee may consider, but need not follow, the TPA's recommendation.

Rule I-5. Activities following Review. If the UEW request is approved, staff members of the Deferred Compensation Plan will issue a memo to the TPA providing the Participant's name, the amount of the withdrawal and other withdrawal processing information.

If the UEW request is denied, no Plan authorization is given. However, a memo is prepared for the TPA reporting on the Subcommittee denial. The TPA provides a letter of denial to the Participant.

All communications, information and applications of a UEW withdrawal Participant are kept private in secured storage.