THE CITY OF ALEXANDRIA FIREFIGHTERS AND POLICE OFFICERS PENSION PLAN

As Amended and Restated Effective as of January 1, 2014

THE CITY OF ALEXANDRIA FIREFIGHTERS AND POLICE OFFICERS PENSION PLAN

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THE CITY OF ALEXANDRIA FIREFIGHTERS AND POLICE OFFICERS PENSION PLAN

ARTICLE 1

NATURE OF PLAN; NAME; DEFINITIONS; CONSTRUCTION

1.1 Background; Nature of Plan

Prior to January 1, 2004, the City of Alexandria (the "City") maintained the City of Alexandria Retirement Income Plan for Firefighters and Police Officers (the "Retirement Income Plan") and the City of Alexandria Firefighters and Police Officers Disability income Plan (the "Disability Income Plan"). The Retirement Income Plan was a "money purchase pension plan", under which individual accounts were maintained for each Participant in the Plan. Participants were allowed to direct the investment of their account and benefits under the Retirement Income Plan were based solely on amounts contributed to the Retirement Income Plan and any investment income, gains, losses or expenses credited, charged or allocated to the Participant's Retirement Income Account.

The Disability Income Plan was a separate plan which provided service and non-Service connected disability benefits to Firefighters and Police Officers who became disabled prior to their normal retirement date.

Pursuant to an ordinance duly adopted by the Alexandria City Council on February 21, 2004, the Retirement Income Plan and Disability Income Plan were amended, effective as of January 1, 2004 (the "Effective Date"):

(1) to change the name of the Retirement Income Plan to the City of Alexandria Firefighters and Police Officers Pension Plan (the "Pension Plan");

(2) to authorize the use of a trust and/or one or more annuity contracts as the funding vehicle(s) under the Pension Plan;

(3) to provide for the merger of the Disability Income Plan into the Pension Plan; and

(4) to convert the Retirement Income Plan from a money purchase pension plan to a combined money purchase pension plan and a defined benefit plan, under which:

(i) All future benefits accrue under the defined benefit portion of the Plan (i.e., under the Pension Plan).

(ii) Participants with Retirement Income Accounts who became Participants in the Plan prior to July 1, 2003 and who were actively employed by the City as a Firefighter or Police Officer on the Date

of Adoption were given the option of exchanging their "City Funded Retirement Income Account" for "Pre-2004 Credited Service" under the Pension Plan (the "Past Service Election").

(iii) An individual account continues to be maintained for Participants who did not make the Past Service Election (or who were not eligible for such Election). Participants who continue to have a Retirement Income Account continue to direct the investment of their Retirement Income Accounts.

(iv) No further City or Employee contributions are permitted with respect to the Retirement Income Accounts.

(v) All amounts credited to Retirement Income Accounts of a Participant who is actively employed as a Firefighter or Police Officer on the Date of Adoption were fully vested as of the Date of Adoption. (However, benefits that accrue on and after the Effective Date under the defined benefit portion of the Plan are subject to the vesting schedule contained in Section 6.5 of the Plan.)

1.2 Name; Type of Plan

The Pension Plan may be referred to as the "City of Alexandria Firefighters and Police Officers Pension Plan." The Pension Plan is a continuation of the Retirement Income Plan and is a money purchase pension plan (with respect amounts contributed prior to the Date of Adoption and subsequent Investment Adjustments with respect thereto) and a defined benefit plan (with respect to benefits accruing on or after the Effective Date).

The Plan is a governmental plan, as described in Section 414(d) of the Internal Revenue Code.

1.3 Qualification Under Internal Revenue Code

The City of Alexandria Firefighters and Police Officers Pension Plan is intended to be a pension plan that continues to qualify under Section 401(a) of the Internal Revenue Code, so that the trust established under the Plan is exempt from tax under Section 501 of the Internal Revenue Code.

1.4 Applicability

The Plan, as amended and restated by this Plan document, is effective as of January 1, 2014. Notwithstanding the forgoing, any provision which is contained in this amended and restated Plan and which is required to be effective before January 1, 2014 in order for the Plan to retain its qualification under Section 401(a) of the Internal Revenue Code shall, nevertheless, be effective as of the effective date required under the Internal Revenue Code. Except as specifically provided herein, the provisions of this amending restatement shall apply only to a

Participant whose status as a Covered Employee commences, resumes or terminates on or after January 1, 2014. The rights and benefits, if any, of a Participant whose status as a Covered Employee terminated prior to January 1, 2014 (including a Participant who continues to be employed by the City) shall be determined in accordance with the provisions of the Plan that were in effect on the date his or her status as a Covered Employee terminated.

In addition, except as specifically provided herein, the provisions of this amending restatement shall apply only to a Participant who becomes Disabled on or after January 1, 2014. Furthermore, the provisions of Article 5, which provide for the payment of benefits to a Participant who becomes Disabled, only apply to a Participant who reached his or her Disability Retirement Date on or after the Date of Adoption (even if the injury or illness giving rise to the Disability occurred before the Date of Adoption). The right of any Covered Employee whose Disability Retirement Date occurred prior to the Date of Adoption, and the amount and conditions of such benefits, are determined under the provisions of the Disability Income Plan as in effect on the date such former Covered Employee reached his or her Disability Retirement Date.

1.5 Incorporation of Trust Agreement and Annuity Contract(s)

The Trust Agreement and any Annuity, as the same may be amended from time to time, are intended to be and hereby are incorporated by reference into this Plan and for all purposes shall be deemed a part of the Plan.

1.6 Definitions

Unless a different meaning is plainly implied by the context, the following terms as used in this Plan shall have the following meanings:

Accrued Pension Benefit

"Accrued Pension Benefit" means the monthly benefit to which a Participant is entitled under the defined benefit portion of the Plan on or after the Effective Date pursuant to the provisions of Section 6.1, expressed as a single life annuity commencing at the Participant's Normal Retirement Date or the Actuarial Equivalent thereof. The Accrued Pension Benefit as of any date preceding the Participant's Normal Retirement Date shall be a monthly benefit commencing on the Participant's Normal Retirement Date and continuing for his or her life, calculated in the same manner as a normal retirement benefit and based upon the benefit earned by such Participant as of the date of determination.

In no event, however, shall the Accrued Pension Benefit:

(1) exceed the maximum limitation determined, as of the date of computation, pursuant to Section 6.8; or

(2) be less than the Actuarial Equivalent of (i) the Minimum Retirement Benefit (in the case of a Participant who elects to exchange his/her City Funded Retirement Income Account for Pre-2004 Credited Service pursuant to Section 3.4) and (ii) the Employee Contribution Retirement Benefit.

Actively Employed or Active Employee

"Actively Employed" or "Active Employee" means the period during which a Participant is receiving Compensation from the City as a Covered Employee (including, without limitation, any period of paid leave). Notwithstanding the foregoing, for purposes of Article 5, a Participant who is on an Authorized Leave of Absence for military service shall not be considered to be actively employed during such period of military leave.

Actuarial Assumptions

"Actuarial Assumptions" means those assumptions employed in the determination of Actuarial Equivalents or for other pertinent benefit calculations, as set forth in Appendix A hereto, as the same may be modified from time to time.

Actuarial Equivalent

"Actuarial Equivalent" means a benefit of equivalent dollar value on a specified date, computed on the basis of the Actuarial Assumptions (including projected cost of living adjustments).

Actuary

"Actuary" means the independent enrolled actuary, selected by the Administrator.

Administrator

"Administrator" means the City Manager or the persons or committees designated by the City Manager to administer the Plan in accordance with Section 10.6. To the extent that a person and a committee (or more than one person or committee) is delegated specific functions with respect to the administration of the Plan, the term Administrator shall apply separately to each such person or committee within the scope of their assigned area of administrative responsibility.

Alternate Employment

"Alternate Employment" means any position offered by the City for which the Participant is qualified or for which the City is willing to assume the costs for the retraining and rehabilitation necessary to enable the Participant to qualify, if the City, in its sole judgment, determines that such employment is appropriate under the circumstances and the City agrees to pay the Participant the same base

salary or wages that the Participant was earning on his or her Disability Retirement Date.

Annual Additions

"Annual Additions" mean the sum of the following items credited to the Participant under this Plan and any other tax qualified retirement plan sponsored by the City for a Limitation Year and treated as a defined contribution plan for purposes of Section 415 of the Internal Revenue Code: City contributions that are separately allocated to the Participant's credit in any defined contribution plan; forfeitures; participant contributions (other than contributions that are picked up by the City as described in Section 414(h)(2) of the Internal Revenue Code); and amounts credited after March 31, 1984 to a Participant's individual medical account (within the meaning of Section 415(l) of the Internal Revenue Code). Notwithstanding anything to the contrary, (1) the amount of a Participant's Retirement Income Account that is used to purchase pre-January 1, 2004 Years of Credited Service under Section 3.4 or 3.5 shall not be treated as a post-January 1, 2004 annual addition, and (2) the determination of Annual Additons shall be made in accordance with Section 415(c) of the Internal Revenue Code.

Annuity Contract

"Annuity Contract" means a group annuity contract issued by a licensed insurance company to the Trust or the City to fund all or part of the benefits provided under the Plan, as such contract may be amended from time to time in accordance with the terms thereof.

Authorized Leave of Absence

"Authorized Leave of Absence" shall mean an unpaid temporary absence from active service with the City for a specified period which is not treated as a termination of employment and which is granted or extended by the City pursuant to its regular personnel policies.

Average Monthly Compensation

"Average Monthly Compensation" means 1/48th of the total amount of a Participant's Compensation for the forty-eight (48) consecutive full calendar months of the Participant's employment as a Covered Employee in which his or her Compensation was the highest. In the event a Participant's entire period of employment consists of less than forty-eight (48) consecutive full calendar months of employment as a Covered Employee, the Participant's Average Monthly Compensation shall be determined by averaging (on a monthly basis) the Participant's Compensation during the number of full calendar months that the Participant was employed as a Covered Employee. Notwithstanding anything herein, in determining a Participant's Average Monthly Compensation under this Plan, (1) only Compensation earned during a calendar month that is included in calculating the Participant's Years of Credited Service shall be taken into account (provided, however, if a Participant is Disabled prior to accruing 1/12th of a Year

of Credited Service, Average Monthly Compensation shall be determined by the Administrator based on the scheduled monthly pay for the Participant's grade and step), (2) the determination of Average Monthly Compensation shall include Compensation earned prior to the Effective Date, and (3) all Compensation for a payroll period shall be attributed to (and deemed to have been earned) on the Participant's last day of employment in the payroll period.

Base Disability Benefit

"Base Disability Benefit" means the annual amount of the Disability Benefit payable under Section 5.7, 5.8, 5.9 or 5.10 (as determined on the date that Disability Benefits commence to the Participant and without regard to any adjustment made pursuant to Section 5.13). In the case of a Disability Benefit payable pursuant to the contingent annuitant option, the Base Disability Benefit shall be determined as if the Participant had died on the day following his or her Disability Retirement Date and benefits had immediately commenced to such contingent annuitant on such date.

Base Pension Benefit

"Base Pension Benefit" means, the annual amount of the annuity benefit payable as of the Participant's Benefit Commencement Date with respect to the Participant's Accrued Pension Benefit under Section 6.1, 6.2, 6.3, 6.4 or 6.5. In the case of a joint and survivor annuity payable to a surviving spouse or other beneficiary, the Base Pension Benefit shall be determined based on the amount that would have been payable to the surviving spouse or beneficiary if the Participant had died on the day following his or her Benefit Commencement Date and benefits had immediately commenced to such surviving spouse or other beneficiary on such date.

Beneficiary

"Beneficiary" means the person or persons designated by the Participant in accordance with Section 8.1 or who is otherwise entitled to receive any benefit payable under the terms of the Plan following the death of a Participant. Such Beneficiary shall be the designated Beneficiary under Section 401(a)(9) of the Code and Treas. Reg. 1.401(a)(9)-4.

Benefit Commencement Date

"Benefit Commencement Date" means the first day of the first period for which a Participant's Accrued Pension Benefit is due to be paid or is due to commence. In the case of a Participant who has made a DROP Election in accordance with Section 6.4, the Benefit Commencement Date means the first day of the first period for which a Participant's Accrued Pension Benefit is due to be paid or is due to commence following the Participant's DROP Retirement Date.

Board

"Board" means the Retirement Plan Board that is established under Article 10 to manage the assets of the Plan.

Cash-Out

"Cash-Out" means a distribution made pursuant to Section 6.5 in settlement of any and all benefits otherwise payable under the defined benefit portion of the Plan.

City

"City" means the City of Alexandria, Virginia.

City Funded Retirement Income Account

"City Funded Retirement Income Account" means any portion of a Participant's Retirement Income Account that is attributable to City contributions and Investment Adjustments thereon or to any amount transferred pursuant to Section 3.5 of the Prior Plan and Investment Adjustments thereon.

City Representatives

"City Representatives" mean the members of the Board who are nominated by the City Manager pursuant to Section 10.2.

Compensation

"Compensation" means the amount classified by the City as retirement base compensation (i.e., regular or base salary or wages for personal services rendered as a Covered Employee, based on the Covered Employee's grade and step). Such term excludes any and all overtime (including amounts classified as overtime, but paid on a straight time basis), differentials, allowances, premiums, bonuses, FLSA adjustments, or any form of extra compensation.

A Participant's Compensation under this Plan shall be determined in accordance with the following provisions: (1) Compensation shall be determined based on pay periods during which the Participant was a Covered Employee (and only Compensation earned as a Covered Employee shall be taken into account), (2) Compensation for a pay period shall be determined based on the scheduled annual pay for the Participant's grade and step, divided by 26 (provided, however, if the Participant is not actively employed for the entire pay period for any reason (including retirement, Disability, death, termination of employment or a Leave of Absence), the amount of the Participant's Compensation for such pay period shall be based on the Participant's actual Compensation for the pay period), and (3) if a Participant receives a retroactive adjustment to Compensation (i.e., a retroactive adjustment to regular or base salary), the determination of Compensation for a pay period shall include the retroactive adjustment paid during the pay period (notwithstanding that a portion of such

adjustment may relate to prior pay periods) and Compensation for any prior pay period covered by such retroactive adjustment shall continue to be computed without regard to the retroactive portion of such adjustment.

Notwithstanding the foregoing, Compensation shall include any amount which would otherwise be deemed Compensation under this definition but for the fact that it is subject to a salary reduction agreement under a plan described in Section 457(b), 414(h), 132(f)(4) or 125 of the Internal Revenue Code.

Compensation with respect to any Plan Year shall in no event exceed the dollar limit specified in Section 401(a)(17) of the Internal Revenue Code (as adjusted from time to time by the Secretary of the Treasury). The cost of living adjustment in effect for a calendar year applies to Compensation for the determination period that begins with or within such calendar year.

Covered Employee

"Covered Employee" means, except as noted below, an Employee who is employed by the City as (i) a sworn Police Officer or Firefighter or (ii) a fire or police recruit (but only during the period of time that such Employee is employed by the City as a sworn Police Officer or Firefighter or a fire or police recruit). The term Covered Employee shall also include a sworn Police Officer or Firefighter or a fire or police recruit who becomes Partially Disabled and who would be entitled to a Disability Benefit but for his or her employment by the City in another position in accordance with the provisions of Section 5.6, but only during the period of such Alternative Employment.

Appendix C sets forth the positions that represent Covered Employees under the Plan. Appendix C may be amended from time to time by the City Manager (after consultation with the Board) without the need for a formal amendment to the Plan and any such change shall be deemed to amend the definition of Covered Employee and shall become part of the Plan.

The term "Covered Employee" does not include (i) an Employee who is covered under the City of Alexandria Pension Plan for Firefighters and Police Officers, or (ii) an Employee who is covered by and accruing benefits under the City of Alexandria Supplemental Plan.

CPI

"CPI" means the Consumer Price Index - All Urban Consumers (CPI-U), U.S. City Average, All Items, (1982-84=100) (based on the index that is not seasonally adjusted), published and revised by the Bureau of Labor Statistics, U.S. Department of Labor, or the successor to such index.

Date of Adoption

"Date of Adoption" means February 21, 2004, the date on which the City Council adopted the Pension Plan (i.e., approved the amendment converting the Prior

Plan into the Pension Plan and merging the Disability Income Plan into the Pension Plan).

Disability or Disabled

"Disability" or "Disabled" means a Total or Partial Disability.

Disability Benefit

"Disability Benefit" means the monthly benefit, if any, that is payable under Article 5 with respect to a Covered Employee who becomes Disabled.

Disability Income Plan

"Disability Income Plan" means the City of Alexandria Disability Income Plan for Firefighters and Police Officers that was in effect prior to the Date of Adoption.

Disability Retirement Date

"Disability Retirement Date" means the first day of the month after the Administrator has determined that a Participant is Disabled.

Distribution Calendar Year

"Distribution Calendar Year" means 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 7.4(a)(2).

DROP

"DROP" means the Deferred Retirement Option Program described in Section 6.4.

DROP Account

"DROP Account" means the record reflecting the amount to which a Participant is entitled under Section 6.4(e).

DROP Election

"DROP Election" means an election under Section 6.4(c) to participate in the DROP.

DROP Effective Date

"DROP Effective Date" means the date on which the Participant's DROP Election becomes effective. The DROP Effective Date must be the first day of a calendar month.

DROP Retirement Date

"DROP Retirement Date" means the first day of the month coincident with or next following the earlier of (i) the retirement date voluntarily elected by an eligible DROP Participant in his or her DROP Election, or (ii) the date that an eligible DROP Participant exits the DROP due to Disability or termination of employment.

Early Retirement Date

"Early Retirement Date" means the first day of the month coincident with or next following the earlier of the date on which a Participant:

(1) completes 25 Years of Credited Service as a Covered Employee, or

(2) completes 20 Years of Credited Service as a Covered Employee, provided that the Participant is at least 50 years old. A Participant who completes 20 Years of Credited Service prior to attaining age 50, will reach his or her Early Retirement Date on the first day of the month coincident with or next following the Participant's 50th birthday, provided the Participant is employed as a Covered Employee on that date.

Effective Date

"Effective Date" means January 1, 2004. The Plan was adopted on February 21, 2004, but was effective as of January 1, 2004.

Employee

"Employee" means any person who is classified by the City as an employee and who is employed in any capacity by the City (or any City Department); provided, however, that the term Employee shall not include (1) any individual who is classified by the City as working or providing services in a non-employee capacity (including, without limitation, a person classified by the City as an independent contractor), notwithstanding the later reclassification by a court or any regulatory agency of the person as a common law employee of the City, or (2) any individual deemed to be a leased employee of the City, pursuant to Section 414(n) of the Internal Revenue Code.

Employee Contribution Retirement Benefit

"Employee Contribution Retirement Benefit" means the sum of:

(1) the Employee Retirement Contributions made by the Participant; plus

(2) 4% interest on the Employee Retirement Contributions computed on December 31 of each year and compounded annually.

Employee Disability Contribution

"Employee Disability Contribution" means the after-tax contributions made pursuant to Section 4.3(b) by Participants whose Employment Commencement

Date was prior to October 23, 2013, which contributions shall be used to fund Disability Benefits payable with respect to a Non-Service Connected Total and Permanent Disability or a Non-Service Connected Partial Disability.

Employee Retirement Contribution

"Employee Retirement Contribution" means the contributions made by the Participant through salary reduction and "picked up" by the City pursuant to Section 4.2(c).

Employment Commencement Date

"Employment Commencement Date" means the date on which an individual first performs an Hour of Service as a Covered Employee.

Fiscal Year

"Fiscal Year" means the Fiscal Year of the City, which is July 1 to June 30 of each year.

Fund

"Fund" shall mean the assets accumulated under the Trust Agreement and any Annuity Contracts in order to provide for the payment of the benefits specified in the Plan (but not the City of Alexandria Firefighters and Police Officers Pension Benefit Restoration Plan attached hereto as Appendix B).

Gainful Employment

"Gainful Employment" means any occupation or employment engaged in by a Participant who is Disabled and receiving a Disability Benefit, except for purposes of rehabilitation, as approved by the Administrator.

Hour of Service

"Hour of Service" means each hour for which an Employee is directly or indirectly paid or entitled to payment by the City for the performance of duties as a Covered Employee.

Internal Revenue Code

"Internal Revenue Code" means the Internal Revenue Code of l986, as amended, or any successor statute.

Investment Adjustment(s)

"Investment Adjustment(s)" means any increase and/or decrease in the value of a Participant's Retirement Income Account attributable to investment income, gains, losses or expenses that are or have been credited, charged or allocated to the Retirement Income Account.

Investment Funds

"Investment Funds" means the investment media from among which each Participant may direct the investment of his or her Retirement Income Account. Such term is limited to one or more:

(1) variable Annuity Contracts;

(2) pooled separate accounts maintained by an insurance company under an Annuity Contract;

(3) shares of redeemable capital stock of one or more regulated investment companies, as defined in Section 851(a) of the Internal Revenue Code; and

(4) combined, common or commingled trust funds established by any person or entity acting as trustee or investment manager for the collective investment of trust funds of pension, profit sharing or other employee benefit plans, whether or not such collective funds are limited to qualified retirement plans.

Life Expectancy

"Life Expectancy" means life expectancy as computed by use of the Single Life Table in §1.401(a)(9)-9 of the Treasury regulations, as amended from time to time.

Limitation Year

"Limitation Year" means the Plan Year.

Minimum Retirement Benefit

"Minimum Retirement Benefit" means, in the case of a Participant who elected to exchange his or her City Funded Retirement Income Account for Pre-2004 Credited Service pursuant to Section 3.4, the value of the Participant's City Funded Retirement Income Account as of December 31, 2003 (without any adjustment for any contributions or Investment Adjustments subsequent to December 31, 2003) or a straight life annuity that is the Actuarial Equivalent thereof (as the context requires).

Non-Service Connected Partial Disability

"Non-Service Connected Partial Disability" means a Partial Disability which meets the requirements of Section 5.4

Non-Service Connected Total and Permanent Disability

"Non-Service Connected Total and Permanent Disability" means a Total Disability which meets the requirements of Section 5.2.

Normal Cost

"Normal Cost" means the actuarial cost associated with retirement benefits earned by Participants during a Fiscal Year.

Normal Retirement Date

"Normal Retirement Date" means:

(1) In the case of a Participant who commenced employment as a Covered Employee on or after the Effective Date, the first day of the month coincident with or next following the attainment of age 55 with at least 5 Years of Credited Service or the attainment of age 50 with at least 25 Years of Credited Service.

(2) In the case of a Participant who commenced employment as a Covered Employee prior to the Effective Date, the first day of the month coincident with or next following the attainment of age 55 or the attainment of age 50 with at least 25 Years of Credited Service.

Notwithstanding the foregoing, for purposes of Section 5.13, a Participant's Normal Retirement Date shall be the first day of the month coincident with or next following the attainment of age 55.

Partial Disability or Partially Disabled

"Partial Disability" or "Partially Disabled" means an illness or injury which prevents a Covered Employee from performing the duties of a sworn Police Officer or Firefighter, as the case may be, as determined by the Administrator on the basis of a medical examination performed by an independent diagnostic clinic or physician(s) selected by the Administrator or a diagnostic clinic or physician(s) selected by the Participant, if acceptable to the Administrator.

Participant

"Participant" means a Covered Employee who is currently included in the Plan as provided in Article 2 hereof. In addition, where appropriate according to the context of the Plan, the term Participant shall also include a Beneficiary or a former Covered Employee who is entitled to benefits under the Plan.

Participant Representatives

"Participant Representatives" mean the members of the Board nominated by the Voting Participants pursuant to rules adopted under Section 10.3.

Plan or Pension Plan

"Plan" or "Pension Plan" means the City of Alexandria Firefighters and Police Officers Pension Plan, as described herein or as hereafter amended from time to time.

Plan Year

"Plan Year" means the Fiscal Year.

Pre-2004 Break In Service

"Pre-2004 Break in Service" means a termination of an Employee's status as a Covered Employee that occurred prior to January 1, 2004.

Pre-2004 Credited Service

"Pre-2004 Credited Service" means Years of Credited Service completed prior to January 1, 2004, provided that the contributions the City made to the Retirement Income Plan with respect to such prior service (and the related Investment Adjustments) have not been distributed to the Participant prior to the Date of Adoption.

If, for any reason, the contributions the City made to the Retirement Income Plan with respect to such prior service were previously distributed to the Participant, then the Participant's Pre-2004 Credited Service shall be determined without regard to any period of prior service for which the Participant previously received a distribution.

Prior Plan or Retirement Income Plan

"Prior Plan" or "Retirement Income Plan" means the City of Alexandria Retirement Income Plan for Firefighters and Police Officers that was in effect prior to the Date of Adoption.

Purchased Period of Credited Service

"Purchased Period of Credited Service" means the period of Purchasable Service that was purchased by a Covered Employee in accordance with the provisions of Section 3.5 or 3.6.

Purchasable Service

"Purchasable Service" means:

For purposes of Section 3.5, a period of employment as a Covered Employee that did not constitute Pre-2004 Credited Service, but which would have constituted Pre-2004 Credited Service, except that contributions made by the City to the Retirement Income Plan with respect to such prior service were distributed to the Participant.

For purposes of Section 3.6, prior employment with the City as a Deputy Sheriff, Emergency Rescue Technician or Fire Marshal.

Purchasable Service shall not include any period that does not constitute "permissive service credit" under Section 415(n) of the Internal Revenue Code.

Reemployment Commencement Date

"Reemployment Commencement Date" means the date on which an individual first performs an Hour of Service as a Covered Employee after a period during which no Hours of Service were performed by reason of the occurrence of a Termination Date or the cessation of an individual's status as a Covered Employee.

Remaining Costs

"Remaining Costs" means the amount determined by the Actuary to fund retirement benefits under the Plan other than the Normal Cost and 2010 UAAL. Remaining Costs shall also include (i) any change in the contribution required to fund Disability Benefits, as determined based on the actuarial valuation prepared by the Actuary as of July 1, 2012, and (ii) gains or losses on the 2010 UAAL.

Remuneration

(1) "Remuneration" means a participant's wages as defined in Section 3401(a) of the Internal Revenue Code and all other payments of compensation to the Participant from the City for which the City is required to furnish the Participant a written statement under Sections 6041(d) and 6051(a)(3) of the Internal Revenue Code.

(2) Remuneration shall be determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed.

(3) Remuneration does not include Employee Retirement Contributions picked up by the City pursuant to Section 4.2(c)(2).

(4) Remuneration shall include any amount which would otherwise be deemed Remuneration under this definition but for the fact that it is subject to a salary reduction agreement under any plan described in Section 457(b), 132(f) or 125 of the Internal Revenue Code.

(5) Remuneration shall also include regular Earnings received after such Participant's severance from employment (as defined in Treas. Reg. §1.415(a)-1(f)(5)) (but not severance payments); provided that payment of such Earnings is made by the later of (i) two and one-half (2-1/2) months after the Participant's severance from employment or (ii) the end of the calendar year that includes the Participant's severance from employment; and provided further, in order for these post-severance payments to be considered Remuneration, these amounts may only consist of the following (which would otherwise constitute Compensation):

(i) Regular compensation for services during the Participant's regular working hours, or compensation for service outside of the Participant's regular working hours (such as overtime or shift

differential), commission, bonuses, or other similar payments, if such payment would have been paid to the Participant prior to severance from employment if the Participant had continued in employment with the City;

(ii) Payment for unused, accrued, bona fide sick, vacation or other leave (but only if the Participant would have been able to use the leave if employment had continued); and

(iii) For plan years beginning on or after January 1, 2009, payments to Participants who do not currently perform services for the City by reason of qualified military service (as that term is defined in Section 414(u)(1) of the Code) to the extent those payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the City rather than entering qualified military service.

Other types of payments paid to the Participant after severance from employment shall not be considered Remuneration, even if paid within the time frame described above. In no event, however, shall Remuneration for this purpose include any amounts not permitted to be included under Section 415 of the Internal Revenue Code.

(6) Remuneration with respect to any Limitation Year shall in no event exceed the dollar limit specified in Section 401(a)(17) of the Internal Revenue Code (as adjusted from time to time by the Secretary of the Treasury). The cost of living adjustment in effect for a calendar year applies to Remuneration for the Limitation Year that begins with or within such calendar year.

Required Beginning Date

"Required Beginning Date" means April 1st following the later of (i) the calendar year in which the Participant attains age 70½ or (ii) the calendar year in which such Participant retires from employment with the City.

Retirement Income Account

"Retirement Income Account" means the individual account maintained for each Participant reflecting all amounts credited to such Participant under the Retirement Income Plan, as adjusted for Investment Adjustments thereon and any distributions.

On and after the Date of Adoption, each Retirement Income Account shall reflect:

(1) In the case of a Participant who validly elected to exchange his or her City Funded Retirement Income Account for Pre-2004 Credited Service pursuant to Section 3.4, then the Participant's Retirement Income Account

shall only reflect amounts, if any, attributable to (i) assets transferred or rolled over to the Plan pursuant to Section 4.3 of the Prior Plan; (ii) voluntary contributions made pursuant to Section 4.4 of the Prior Plan; and (iii) Investment Adjustments on the forgoing. Such account shall not reflect (i) any City contributions under the Prior Plan; (ii) any amount transferred pursuant to Section 3.5 of the Prior Plan; or (iii) any Investment Adjustments attributable to the forgoing. If the Participant's Retirement Income Account as of the Date of Adoption does not include any prior rollover or voluntary contributions, then the Participant shall cease to have a Retirement Income Account on and after the Date of Adoption.

(2) In the case of a Participant who did not elect to exchange his or her City Funded Retirement Income Account for Pre-2004 Credited Service pursuant to Section 3.4, the Participant's Retirement Income Account shall continue to reflect the amount attributable to (i) City contributions under the Prior Plan; (ii) any amount transferred pursuant to Section 3.5 of the Prior Plan; (iii) any assets transferred or rolled over to the Plan pursuant to Section 4.3 of the Prior Plan; (iv) any voluntary contributions made pursuant to Section 4.4 of the Prior Plan; and (v) Investment Adjustments attributable to the forgoing.

The Retirement Income Account shall include any other functional subaccounts as may be established by the Administrator from time to time. Each Participant's Retirement Income Account shall be equal to the sum of the Investment Funds in which such account is invested.

Service Connected Partial Disability

"Service Connected Partial Disability" means a Partial Disability that meets the requirements of Section 5.3.

Service Connected Total and Permanent Disability

"Service Connected Total and Permanent Disability" means a Total Disability that meets the requirements of Section 5.1.

Spouse

"Spouse" refers to the legally married spouse of the Participant. For purposes of the Pension Plan, the term is limited to a spouse to whom the Participant is married in a legally recognized ceremony and does not include a common law spouse (even if a common law marriage is legally recognized).

Termination Date

"Termination Date" means the first to occur of:

(1) A termination of employment from the City by reason of resignation, discharge, mutual agreement, retirement, or death;

(2) The date on which an Authorized Leave of Absence expires without a return to active employment; or

(3) A Participant's Disability Retirement Date.

Total Disability or Totally Disabled

"Total Disability" or "Totally Disabled" means an illness or injury which prevents a Covered Employee from performing the duties of all jobs for which the Covered Employee is otherwise qualified or any job for which the Covered Employee could become qualified by rehabilitation or retraining, as determined by the Administrator on the basis of a medical examination performed by an independent diagnostic clinic or physician(s) selected by the Administrator, or a diagnostic clinic or physician(s) selected by the Participant, if acceptable to the Administrator.

Trust Agreement

"Trust Agreement" means the agreement by and between the City and the Trustee, together with any and all amendments or supplements thereto.

Trustee

"Trustee" means the bank or trust company selected by the Board to serve as Trustee under the Trust.

2010 UAAL

"2010 UAAL" means the unfunded actuarial accrued liability, as reflected on the actuarial valuation prepared by the Actuary as of July 1, 2010, without regard to any future gains or losses attributable to such unfunded actuarial accrued liability, which gains or losses shall be reflected in the Remaining Costs.

Voting Participant

"Voting Participant" means a Participant with an Accrued Pension Benefit or Retirement Income Account attributable to such Participant's employment as a Covered Employee. The term includes a former Covered Employee who continues to have an Accrued Pension Benefit or Retirement Income Account attributable to his or her employment as a Covered Employee or who is currently receiving retirement benefits based upon his or her employment as a Covered Employee. The term does not include a Participant who may be a current or former Covered Employee, but whose rights to benefits under the Plan are not attributable to such Participant's employment as a Covered Employee (e.g. a Participant whose rights to benefits under the Plan are attributable solely to his or her status as a Beneficiary, contingent annuitant, or an alternate payee under a domestic relations order).

Year of Credited Service

A Participant shall be credited with 1/12th of a Year of Credited Service for (i) each full calendar month of service as a Covered Employee commencing on or after the Effective Date and ending with the Participant's Termination Date, and (ii) the calendar month preceding a Participant's DROP Effective Date. A Covered Employee shall not be credited with Years of Credited Service (or 1/12th increments thereof) for any calendar month during which he or she is not a Covered Employee for the entire month or for any calendar month commencing after the Covered Employee's Termination Date. In addition, except as otherwise provided in Section 3.4 or 3.5, a Participant shall not be credited with Years of Credited Service (or 1/12th increments thereof) for any calendar month prior to the Effective Date. A Participant who is employed from the first day of a month through the last scheduled working day of a month shall be considered as having been employed for the entire month.

Year of Service

A Covered Employee shall be credited with 1/12th of a Year of Service for each calendar month (including calendar months prior to the Effective Date) during which he or she is a Covered Employee for the entire month. A Participant shall not be credited with Years of Service (or 1/12th increments thereof) for any calendar month during any portion of which he or she is not a Covered Employee. A Participant who is employed from the first day of a month through the last scheduled working day of a month shall be considered as having been employed for the entire month.

ARTICLE 2

PARTICIPATION

2.1 Commencement of Participation

A Covered Employee's participation in this Plan, and the agreement to make contributions hereunder, as described in Sections 4.2(c) and 4.3(b), is mandatory and a condition of employment. Subject to the forgoing, the commencement of a Covered Employee's participation in the Plan shall be governed by the following:

(a) Each Covered Employee participating in the Retirement Income Plan on the Date of Adoption, shall continue participation hereunder, according to the terms of this amended and restated Plan (including, without limitation, the contributions required by the Covered Employee under Sections 4.2(c) and 4.3(b)).

(b) Every other Employee who is or becomes a Covered Employee on or after the Date of Adoption shall become a Participant on the date he or she first performs an Hour of Service as a Covered Employee.

(c) No Employee shall become a Participant, however, if he or she is not a Covered Employee on the date the individual's participation is to begin.

2.2 Termination of Participation

A Participant shall cease to accrue benefits under the Plan on the earlier of (i) his or her Termination Date or (ii) the date on which the Participant ceases to be a Covered Employee. In addition, a Participant who reaches his or her Termination Date or who ceases to be a Covered Employee shall cease to be eligible for Disability Benefits attributable to a Disability that occurs or arises on or after such date. Notwithstanding the cessation of benefit accruals or eligibility for Disability Benefits, a Participant who has ceased participation hereunder shall remain a Participant, as the context of the Plan requires, to the extent such Participant is still entitled to any benefits under the Plan.

Termination of participation does not necessarily entitle a Participant to commence benefits under the Plan. The payment or commencement of benefits under the Plan shall be governed by, and subject to, the provisions of Article 6.

2.3 Reemployment

If a Participant reaches a Termination Date or ceases to be a Covered Employee and is subsequently reemployed as a Covered Employee, then such individual's status with respect to the Plan shall be governed by the following:

(a) **Participation**

The Covered Employee shall become Participant on his or her Reemployment Commencement Date.

(b) **Vesting and Benefit Accrual**

Subject to subsection (d) below, the Covered Employee's prior Years of Service and Years of Credited Service shall be aggregated with Years of Service and Years of Credited Service after his or her Reemployment Commencement Date for all purposes of the Plan (i.e., Years of Service and Years of Credited Service completed subsequent to the Employee's Reemployment Commencement Date and the prior Years of Service and Years of Credited Service will be added together in determining the Covered Employee's eligibility to receive, the vested percentage of, and amount of, his or her Accrued Pension Benefit). If the Covered Employee was subject to the 5 year graded vesting schedule contained in Section 6.5(c)(1)(iii) prior to his or her Reemployment Commencement Date, then the Covered Employee's vested percentage of his or her Accrued Pension Benefit as of his or her Reemployment Commencement Date shall not be less than the vesting percentage determined in accordance with the 5 year graded vesting schedule set forth in Section 6.5(c)(1)(iii). However, all future accruals shall be subject to the 5 year cliff vesting schedule contained in Section 6.5(c)(1)(ii) (based upon the Covered Employee's combined pre-break and post break Years of Service).

(c) **Benefit Payments**

If, at the time of his Reemployment Commencement Date, the Participant is receiving retirement benefits pursuant to Article 6 of the Plan, such retirement benefits shall cease until such time as they may be paid in conjunction with the retirement benefits accrued with respect to the Participant's subsequent employment. In any event, any retirement benefits payable with respect to subsequent employment shall be reduced or offset if and as necessary to avoid duplication of any retirement benefits payable or paid with respect to the Participant's prior employment.

If a Participant reaches a Termination Date, begins receiving retirement benefits pursuant to Article 6 of the Plan and is subsequently re-employed by the City in a capacity other than as a Covered Employee, the Participant's retirement benefits shall continue unabated.

(d) **Cash-out**

(1) If, after the Participant's Termination Date:

(i) the Participant receives a Cash-Out of his or her Employee Contribution Retirement Benefit, and

(ii) the Participant resumes his or her employment as a Covered Employee,

then, notwithstanding any provision providing for the crediting of additional Years of Service and Years of Credited Service, the Years of Service and Years of Credited Service with respect to which the distribution was received shall be disregarded in subsequent determinations of the amount of the Participant's eligibility to receive, the vested percentage of, and the amount of his or her Accrued Pension Benefit.

(2) However, if the Participant:

(i) resumes his or her employment as a Covered Employee, and

(ii) within 90 days of his or her Reemployment-Commencement Date, repays to the Trust the full amount of the Cash-Out, plus interest from date of distribution to date of repayment at the rate of 7.5% per annum, compounded annually,

then his or her Accrued Pension Benefit will be determined taking into account the Participant's Years of Service and Years of Credited Service before as well as after the Termination Date (subject to the provisions of this Section 2.3).

2.4 Enrollment

Participation hereunder shall be automatic upon commencement or re-commencement of employment as a Covered Employee; provided, however, that the City may, in its discretion, require each Covered Employee to execute a written application containing such items as may be desired by the City including, but not limited to, the Covered Employee's consent to be bound by all the terms and conditions of the Plan and all amendments thereto, and authorization to have the Employee Retirement Contribution and Employee Disability Contribution deducted from his or her pay.

2.5 Change of Employment Category

If a Participant ceases to be a Covered Employee, but continues in the employ of the City as an Employee, he or she shall cease participation in this Plan (and shall cease to accrue benefits hereunder) at the time he or she ceases to be a Covered Employee.

2.6 Determination of Eligibility

The Administrator shall, in its discretion, determine the eligibility of Covered Employees in accordance with the provisions of this Article 2. The City shall make available to the Administrator a list of all Covered Employees, indicating the original dates of their employment with the City, their benefit eligibility dates and any breaks they may have incurred.

ARTICLE 3

CREDIT FOR SERVICE

3.1 Determining Years of Service and Years of Credited Service Credited Under Plan

(a) All Years of Service and Years of Credited Service completed by a Participant shall be counted in determining his or her vested interest in, and benefits under, the Plan in accordance with (and subject to) the provisions of this Article 3.

(b) Except as otherwise provided in Section 3.4 or 3.5, a Participant shall not be credited with Years of Credited Service (or 1/12th increments thereof) for any calendar month prior to the Effective Date.

(c) Except as otherwise provided in Section 3.1(d) or as required by law, a Participant shall not be credited with Years of Service or Years of Credited Service (or 1/12th increments thereof), during an Authorized Leave of Absence.

(d) If a Participant incurs an Authorized Leave of Absence on account of military service, the Participant shall receive credit for Years of Service and Years of Credited Service upon reemployment for the period of such Authorized Leave of Absence to the extent required by the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended, and Section 414(u) of the Internal Revenue Code or any other law (but without any requirement for such a Participant to make contributions upon his or her reemployment for the period of his or her military service).

(e) A Participant shall not be deemed to have reached his or her Termination Date on account of an Authorized Leave of Absence.

3.2 Credit for Service

To the extent not precluded by the operation of Section 3.1, a Covered Employee shall receive credit for service, as follows:

(a) **Year of Service**

For purposes of determining the extent to which a Participant is vested in his or her Accrued Pension Benefit, the Participant shall receive credit on the basis of his or her whole Years of Service.

(b) **Year of Credited Service**

For purposes of determining the extent to which a Participant shall accrue benefits and for purposes of determining whether he or she is eligible for retirement, the Participant's Years of Credited Service shall be expressed in whole years and months.

3.3 Transfers Between Covered and Non-Covered Employment

(a) **Transfer to a Position as a Covered Employee**

(1) If an Employee becomes a Covered Employee on or after the Date of Adoption, such Employee's benefits under this Plan with respect to his or her service as a Covered Employee shall be based only on Years of Service and Years of Credited Service earned while such individual is a Covered Employee.

(2) In determining such a Participant's Average Monthly Compensation under this Plan, only Compensation with respect to employment as a Covered Employee shall be taken into account.

(3) If the Employee was previously a Participant in the Plan, the provisions of Section 2.3 shall apply.

(b) Transfer to a Non-Covered Position

(1) If an individual ceases to be a Covered Employee, but remains an Employee, the individual's participation in this Plan shall cease as of the date he or she ceases to be a Covered Employee. Further, such individual's benefits under this Plan shall be determined based only on Years of Service and Years of Credited Service earned while such individual is a Covered Employee and shall be determined under the provisions of this Plan in effect as of the date such individual ceased to be a Covered Employee.

(2) In determining Average Monthly Compensation under this Plan, only Compensation with respect to employment as a Covered Employee shall be taken into account.

(3) The payment or commencement of benefits under the Plan shall be governed by, and subject to, the provisions of Article 6. Notwithstanding anything to the contrary, no benefits shall be paid or commence to such individual prior the earlier of the individual's (1) Termination Date, or (2) Normal Retirement Date. A Participant who ceases to be a Covered Employee, but who remains employed

by the City, may withdraw his or her Employee Retirement Contributions in accordance with Section 6.5(d) and Section 7.2(c)

3.4 Exchange of Retirement Income Account for Pre-2004 Credited Service

(a) Each Covered Employee who on the Date of Adoption:

(1) was a Participant in the Plan;

(2) had a Retirement Income Account attributable to his or her employment as a Covered Employee;

(3) was actively employed by the City as a Covered Employee (and has not reached his or her Disability Retirement Date); and

(4) ommenced participation in the Prior Plan prior to July 1, 2003,

was offered the opportunity to exchange his or her City Funded Retirement Income Account for Pre-2004 Credited Service.

(b) In order to be effective, an election under this Section 3.4 must:

(1) have been made on a form supplied by the City for this purpose;

(2) have been returned to (and the receipt acknowledged by) the Department of Finance on or before 5:00 P.M. (Eastern Time) on January 16, 2004; and

(3) have included a valid and enforceable release of the City, and its elected officials, employees, agents and representatives (as well as any other person or entity who may have a fiduciary relationship with respect to the administration or management of the Retirement Income Plan) from any and all claims relating to or arising out of the Retirement Income Account or the administration or management of the Retirement Income Plan prior to the date of the election.

(c) To the extent a Covered Employee described in Section 3.4(a) made an election satisfying the requirements of Section 3.4(b), then:

(1) The Participant's Pre-2004 Credited Service shall be taken into account in determining the Participant's Years of Credited Service.

(2) No amount or benefit shall be payable to anyone with respect to the Participant's City Funded Retirement Income Account (the balance of which shall be reduced to zero). However, the Participant's Retirement Income Account shall continue to reflect the amount, if any, attributable to (i) assets transferred or rolled over to the Plan

pursuant to Section 4.3 of the Prior Plan; (ii) the amount, if any, attributable to voluntary contributions made pursuant to Section 4.4 of the Prior Plan; and (iii) Investment Adjustments attributable to the foregoing.

(3) The Participant's City Funded Retirement Income Account shall become part of the Fund and shall be available to provide benefits to all Participants under the defined benefit portion of the Plan.

3.5 Pre-2004 Credited Service Buy-Back

(a) Each Covered Employee who:

(1) was a Participant in the Plan on July 1, 2007;

(2) was a Participant in the Retirement Income Plan prior to January 1, 2004;

(3) experienced a Pre-2004 Break in Service; and

(4) was partially or fully vested in his or her Retirement Income Account at the time of the Pre-2004 Break in Service and received a distribution of his or her vested Retirement Income Account following such Pre-2004 Break in Service,

was offered the opportunity to purchase credit for up to four (4) years of Purchasable Service in accordance with, and subject to, the provisions of this Section 3.5. A Participant could elect to either purchase the total amount of his or her Purchasable Service (up to a maximum of four (4) years), or if the Participant did not want to purchase credit for all of his or her Purchasable Service, a Participant could purchase credit for part of his or her period of Purchasable Service (in increments of whole months). The Purchased Period of Credited Service shall be taken into account in determining the Participant's Years of Service and Years of Credited Service in accordance with the provisions of Section 3.5(f).

(b) In order to be effective, an election to purchase credit for Purchasable Service under this Section 3.5 must:

(1) have been made on a form supplied by the City for this purpose;

(2) have been returned to (and the receipt acknowledged by) the Department of Finance on or before 5:00 P.M. (Eastern Time) on October 10, 2007; and

(3) have included full amount due for the Purchased Period of Credited Service (as determined under Section 3.5(c)) and/or have been accompanied by an irrevocable payroll deduction authorization (on a form supplied by the City for this purpose).

(c) Participants who purchased credit for Purchasable Service were required to pay:

(1) 50% of the actuarial cost of the additional benefit provided under the Plan with respect to the Purchased Period of Credited Service (up to a maximum of three (3) years).

(2) 100% of the actuarial cost of the additional benefit provided under the Plan with respect to the remaining Purchased Period of Credited Service (i.e., the fourth year).

The cost of Purchased Period of Credited Service shall be determined by the Actuary.

(d) Payment for all or any portion of the Purchased Period of Credited Service must have been made in a single lump sum by (i) a transfer from a Participant's Retirement Income Account (if any); (ii) a transfer from a Participant's account under any eligible deferred compensation plan (within the meaning of Section 457(b) of the Internal Revenue Code) maintained by the City; (iii) a direct lump sum payment to the Plan; (iv) a direct transfer or rollover from an individual retirement account to the extent permitted by Sections 401 and 408 of the Internal Revenue Code.

(e) In lieu of (or in addition to) a lump sum payment under Section 3.5(d), payment for the Purchased Period of Credited Service could have been made through additional Employee Retirement Contributions over a period of up to thirty-six (36) months. To the extent that a Participant elected to pay for the Purchased Period of Credited Service by making additional Employee Retirement Contributions, then the cost of the Purchased Period of Credited Service (as determined under Section 3.5(c)) shall reflect the deferred payment period (computed based on the interest rate used for determining Actuarial Equivalence under Appendix A). In order for this payment option to be effective, the Participant must have executed and delivered to the Administrator any required payroll deduction authorizations. In the case of a Participant who elected to pay for a portion of the Purchased Period of Credited Service in a lump sum under Section 3.5(d) and to pay for the remaining portion through additional Employee Retirement Contributions under this Section 3.5(e), such payroll deduction authorization was required to be effective as of the payroll period containing the date the partial payment is made under Section 3.5(d).

(f) The Purchased Period of Credited Service shall be taken into account in determining the Participant's Years of Service and Years of Credited Service in accordance with the following provisions:

(1) One month shall be taken into account for each two completed months of Credited Service following the date payment is made under Section 3.5(d) or commences under Section 3.5(e). However, the number of months credited under this Section 3.5(f)(1) shall be limited to one-half of the Purchased Period of Credited Service under Section 3.5(c)(1). This provision is designed to provide that a Participant earns the portion of Credited Service that is subsidized under Section 3.5(c)(1) based on the performance of future service, with the result that a Participant who purchased the full three years permitted under Section 3.5(c)(1) will fully earn the subsidized portion of such Purchased Period of Credited Service upon the completion of thirty-six (36) months of Credited Service following the date payment was made or commenced.

(2) In addition, upon payment under Section 3.5(d), or as payment was made under Section 3.5(e), the Participant shall be credited with the number of months of the Purchased Period of Credited Service for which the Participant paid the appropriate portion of the actuarial cost (i.e., one-half of the Purchased Period of Credited Service under Section 3.5(c)(1), and the entire Purchased Period of Credited Service under Section 3.5(c)(2)). For this purpose,

(i) In the case of a Participant that paid for the Purchased Period of Credited Service under Section 3.5(d), the Purchased Period of Credited Service for which the Participant paid all of the actuarial cost shall be credited upon payment under Section 3.5(d).

(ii) In the case of a Participant that paid for part of the Purchased Period of Credited Service under Section 3.5(d) and part under Section 3.5(e), the amount credited upon payment under Section 3.5(d) shall be determined by multiplying the total number of months in the Purchased Period of Credited Service for which the Participant is required to pay the actuarial cost by a fraction, the numerator of which is the amount of the payment actually made under Section 3.5(d), and the denominator of which is the total amount that was due from the Participant under Section 3.5(d) and (e) with respect to the entire Purchased Period of Credited Service. The remaining portion of the

Purchased Period of Credited Service for which the Participant was required to pay the actuarial cost shall be credited in accordance with Section 3.5(f)(2)(iii).

(iii) To the extent that full or partial payment was being made under Section 3.5(e), the determination of the extent to which payment was made shall be made by multiplying the total number of months in the Purchased Period of Credited Service that the Participant is purchasing through additional Employee Retirement Contributions by a fraction, the numerator of which is the total number of payments that were made by the Participant as of the date the determination, and the denominator of which is the total number of payments that are (or were) to be made by the Participant under Section 3.5(e).

(3) Only full months shall be credited to a Participant. No credit shall be given for partial months.

(4) In the event a Participant ceases to be a Covered Employee for any reason (including Disability or death), or otherwise reaches his or her Termination Date or DROP Effective Date before earning any portion of the Purchased Period of Credited Service in accordance with the provisions of this Section 3.5(f), the portion of the Purchased Period of Credited Service which has not been earned by the Participant shall be forfeited.

3.6 Purchase of Additional Credited Service

(a) Each Covered Employee who:

(1) was a Participant in the Plan on October 14, 2010; and

(2) was previously employed by the City as a Deputy Sheriff, Emergency Rescue Technician or Fire Marshal.

was offered the opportunity to purchase credit for up to four (4) years of Purchasable Service in accordance with, and subject to, the provisions of this Section 3.6. A Participant could elect to either purchase the total amount of his or her Purchasable Service (up to a maximum of four (4) years), or if the Participant did not want to purchase credit for all of his or her Purchasable Service, a Participant could purchase credit for part of his or her period of Purchasable Service (in increments of whole months). The Purchased Period of Credited Service shall be taken into account in determining the Participant's Years of Service and Years of Credited Service in accordance with the provisions of Section 3.6(f).

(b) In order to be effective, an election to purchase credit for Purchasable Service under this Section 3.6 must:

(1) have been made on a form supplied by the City for this purpose;

(2) have been returned to (and the receipt acknowledged by) the Department of Finance on or before 5:00 P.M. (Eastern Time) on August 31, 2011; and

(3) have included the full amount due for the Purchased Period of Credited Service (as determined under Section 3.6(c)) and/or have been accompanied by a payroll deduction authorization (on a form supplied by the City for this purpose).

(c) Participants who desired to purchase credit for Purchasable Service were required to pay 100% of the actuarial cost of the additional benefit provided under the Plan with respect to the Purchased Period of Credited Service. The actuarial cost of Purchased Period of Credited Service may be separately determined for each year in a Purchased Period of Credited Service and shall be determined by the Administrator, based on the advice of the Actuary.

(d) Payment for all or any portion of the Purchased Period of Credited Service must have been made in a single lump sum by (i) a transfer from a Participant's Retirement Income Account (if any); (ii) a transfer from a Participant's account under the City of Alexandria Retirement Income Plan for Deputy Sheriffs, Emergency Rescue Technicians, and Fire Marshals; (iii) a transfer from a Participant's account under any eligible deferred compensation plan (within the meaning of Section 457(b) of the Internal Revenue Code) maintained by the City; (iv) a direct lump sum payment to the Plan; or (v) a direct transfer or rollover from an individual retirement account to the extent permitted by Sections 401 and 408 of the Internal Revenue Code.

(e) In lieu of (or in addition to) a lump sum payment under Section 3.6(d), payment for the Purchased Period of Credited Service could have been made through additional Employee Retirement Contributions over a period of up to thirty-six (36) months commencing July 1, 2011. To the extent that a Participant elected to pay for the Purchased Period of Credited Service by making additional Employee Retirement Contributions, then the cost of the Purchased Period of Credited Service (as determined under Section 3.6(c)) was required to reflect the deferred payment period (computed based on the interest rate used for determining Actuarial Equivalence under Appendix A). In order for this payment option to be effective, the Participant must have executed and delivered to the Administrator any required payroll deduction authorizations. A Participant may revoke the

payroll deduction authorization on any anniversary date during the thirty-six (36) month period commencing July 1, 2011 (i.e., on either July 1, 2012 or July 1, 2013), but if such authorization is revoked, the Participant shall only receive credit for Purchased Periods of Credited Service for which the Participant has paid 100% of the actuarial cost.

(f) The Purchased Period of Credited Service shall be taken into account in determining the Participant's Years of Service and Years of Credited Service in accordance with the following provisions:

(1) Upon payment under Section 3.6(d), or as payment is made under Section 3.6(e), the Participant shall be credited with the number of full months in the Purchased Period of Credited Service for which the Participant has paid the full actuarial cost (i.e., 100% of the cost of the Purchased Period of Credited Service), as determined under Section 3.6(c).

(2) Only full months shall be credited to a Participant. No credit shall be given for partial months.

(3) In the event a Participant ceases to be a Covered Employee for any reason (including Disability or death), or otherwise reaches his or her Termination Date or DROP Effective Date before earning any portion of the Purchased Period of Credited Service in accordance with the provisions of this Section 3.6(f), the Participant shall forfeit all rights to any portion of the Purchased Period of Credited Service for which full payment has not been made.

ARTICLE 4

FUNDING

4.1 Fund

Contributions made under the terms of the Plan shall be deposited in the Trust or one or more Annuity Contracts. Such contributions, together with any income, gains or profits, less distributions, expenses and losses, shall comprise the Fund. The Trustee shall maintain that portion of the Fund held pursuant to the terms of the Trust.

Separate trust accounts, Annuity Contracts, or accounts under Annuity Contracts shall be established for (i) the defined benefit portion of the Plan, (ii) any Retirement Income Accounts, and (iii) any assets transferred to the Pension Plan from the Disability Income Plan. The establishment of such separate accounts shall be for accounting and bookkeeping only and shall not require a segregation of any part of the assets of the Fund.

The Retirement Income Accounts shall be held, invested, reinvested, managed, administered and distributed for the exclusive benefit of Participants with Retirement Income Accounts. The portion of the Fund comprising the defined benefit portion of the Plan shall be held, invested, reinvested, managed, administered and distributed for the exclusive benefit of Participants with an Accrued Pension Benefit. The assets transferred to the Pension Plan from the Disability Income Plan shall be held, invested, reinvested, managed, administered and distributed for the exclusive purpose of providing Disability Benefits pursuant to Article 5.

No person shall have any interest in or right to the Fund or any part thereof, except as expressly provided in the Plan. Each Participant, former Participant, Beneficiary or other person who shall claim the right to any payment under the Plan shall be entitled to look only to the Fund for such payment. No liability for the payment of benefits under the Plan (or the Disability Income Plan) shall be imposed upon the Trustee, the issuer of any Annuity Contract, the Board, the Administrator, the City, or their respective agents or employees.

Unless otherwise determined by the City, Contributions to the Fund shall be made to the Fund in accordance with Section 4.2 and 4.3 in amounts necessary, according to sound actuarial principles (and based upon reasonable actuarial assumptions, funding methods and related matters recommended by the Actuary) to fund the retirement and disability benefits under this Plan and to maintain the actuarial integrity of the Fund. For this purpose:

(1) Contributions required by the City shall be determined under Section 4.2(b) and Section 4.3(a), and the contributions required by the Participants shall be determined under Section 4.2(c) and Section 4.3(b).

(2) Contributions to the Fund shall be determined (i) based on a Fiscal Year and (ii) expressed as a percentage of Compensation.

(3) The contributions required by the City and Participants under Section 4.2 and 4.3 shall be based upon the actuarial valuation produced annually by the Actuary. In the event the actuarial valuation is not produced in time to adjust the contributions required by the City and Participants under Section 4.2 and 4.3 effective as of the first day of the Fiscal Year, then the dollar contribution required for the Fiscal Year to fund benefits under the Plan shall be expressed as a percentage of Compensation payable after the date contributions commence (which date shall be as soon as reasonably practical following the issuance and adoption of the actuarial valuation produced annually by the Actuary).

Notwithstanding any provisions of this Plan to the contrary, upon the City's request, a contribution which was made by the City under Section 4.2(b) or 4.3(a) due to a mistake of fact shall be returned to the City within one year after the payment of the contribution. Any portion of a contribution returned shall be adjusted to reflect its proportionate share of the losses of the Fund, but shall not be adjusted to reflect any earnings or gains.

4.2 Pension Contributions

(a) Determination of Contribution

Contributions to the Fund shall be made to the Fund in accordance with this Section 4.2 in amounts necessary to fund the retirement benefits under this Plan. For this purpose:

(1) Any unfunded liability attributable to the grant of additional Years of Credited Service pursuant to Section 3.4 shall be amortized over a 25 year period beginning July 1, 2004, in payments expressed as a level percentage of Compensation;

(2) Contributions to the Fund shall be divided between (i) the contributions required to fund the 2010 UAAL, and (ii) the Normal Cost and Remaining Costs.

(b) City Retirement Contributions

After taking into account the contributions made by Covered Employees in accordance with Section 4.2(c), the City shall, from time to time, make contributions to the Fund in amounts necessary to fund the benefits under this Plan and to maintain the actuarial integrity of the Fund. For this purpose:

(1) For each Fiscal Year, the City shall contribute 16.75% of Compensation to fund the 2010 UAAL until the earlier of (i) the date on which the 2010 UAAL is fully funded or, (ii) the date that the Actuary certifies that the Plan has a market value funded ratio of 100% or more for two consecutive Fiscal Years.

(2) After taking into account the contributions made by Covered Employees in accordance with Section 4.2(c), the City shall make contributions for each Fiscal Year in an amount determined by the Actuary to fund the balance of the Normal Cost and the Remaining Costs.

(3) The contribution required by the City shall be remitted monthly (in arrears), such that the City's contribution with respect to Compensation paid during a month shall be remitted to the Trustee or deposited in an Annuity Contract within fifteen (15) business days after the close of such month.

(c) **Employee Retirement Contributions**

(1) Each Participant who is classified as a Covered Employee shall make Employee Retirement Contributions to the Plan in an amount equal to:

(i) 8% of the Participant's Compensation; less

(ii) The amount of the Employee Disability Contribution required under Section 4.3(b)(1); plus

(iii) Any adjustment to the amount under Section 4.2(c)(1)(i) that is required under Section 4.2(c)(2).

(2) Effective as of July 1, 2017, the rate of Employee Retirement Contributions to the Plan under Section 4.2(c)(1)(i) shall be adjusted for each Fiscal Year, as follows:

(i) In the event the total contribution required to fund the Normal Costs and the Remaining Costs exceeds 24.73% of Compensation (i.e., the contribution determined by the Actuary to be necessary to fund the benefits under this Plan and to maintain the actuarial integrity of the Plan after

excluding the contribution under Section 4.2(b)(1) to amortize the 2010 UAAL), then the Employee Retirement Contribution under Section 4.2(c)(1)(i) for any such Fiscal Year shall be adjusted (effective as of the first day of such Fiscal Year) by an amount equal to one-third of the contribution required to fund the Normal Cost and the Remaining Costs that are in excess of 24.73%. Thus, for example, if the contribution required to fund the Normal Cost and the Remaining Costs is 25.48%, then the Employee Retirement Contribution under Section 4.2(c)(1)(i) would be adjusted from 8% to 8.25% (25.48% minus 24.73% equals 0.75%; 0.75% times 33 1/3% equals 0.25%; 0.25% plus 8% equals 8.25%).

(ii) In the event the total contribution required to fund the Normal Costs and the Remaining Costs equals or is less than 24.73%, then no adjustment shall be made to the Employee Retirement Contribution under Section 4.2(c)(1)(i) for such Fiscal Year.

(iii) The adjustment in the Employee Retirement Contribution under Section 4.2(c)(1)(i) shall be (A) based upon the actuarial valuation produced annually by the Actuary, (B) terminate as of the date that the Actuary certifies that the Plan has a market value funded ratio of:

(A) 100% or more for two consecutive Fiscal Years; or

(B) 95% or more for three consecutive Fiscal Years; or

(C) 90% or more for four consecutive Fiscal Years.

(3) In the event of an adjustment in the rate of Employee Disability Contributions pursuant to Section 4.3(b), the rate of Employee Retirement Contributions to the Plan shall be adjusted at the same time.

(4) A Participant shall make any additional Employee Retirement Contributions that the Participant is obligated to make under Section 3.5 with respect to Purchasable Service.

(5) Employee Retirement Contributions required under this Section 4.2(b) shall continue until the earlier of the Participant's (1) Termination Date, or (2) the last day of the pay period immediately preceding the DROP Effective Date, and shall be made in accordance with rules established by the Administrator.

(6) The Employee Retirement Contributions referred to in this Section 4.2(c) shall be:

(i) picked up by the City, as described in Section 414(h)(2) of the Internal Revenue Code;

(ii) deducted from the pay of the contributing Participants as salary reduction contributions;

(iii) paid by the City to the Trustee or deposited in an Annuity Contract within 15 business days following the end of the month during which such amounts were withheld from the pay of the contributing Participants;

(iv) made a part of the Participant's Employee Contribution Retirement Benefit, that is, a part of his or her Accrued Pension Benefit; and

(v) automatically suspended for any payroll period during which the participant is not a Covered Employee or during which he or she is on an Authorized Leave of Absence.

(7) Notwithstanding any provisions of this Plan to the contrary, Participant contributions picked up by the City shall be fully (100%) vested.

4.3 Disability Contributions

The cost of providing the Disability Benefits on or after the Date of Adoption shall be borne by contributions by the City and the Participants. The amount of the respective contributions shall be determined as follows:

(a) **City Disability Contribution**

On and after the Date of Adoption, subject to the limitations contained herein, the City shall, from time to time, make contributions to the Fund in amounts necessary, according to sound actuarial principles, (and based upon reasonable actuarial assumptions, funding methods and related matters recommended by the Actuary) to fund the Disability Benefits under this Plan (other than Disability Benefits attributable to a Non-Service Connected Total and Permanent Disability or a Non-Service Connected Partial Disability, which shall be funded by contributions made by Covered Employees in accordance with Section 4.3(b)).

(b) **Employee Disability Contributions**

(1) On and after the Date of Adoption, each Participant whose Employment Commencement Date was prior to October 23, 2013 shall make an Employee Disability Contribution in an amount required to offset the cost (as determined by the Actuary based upon reasonable actuarial assumptions, funding methods and related matters) to provide for Disability Benefits attributable to a Non-Service Connected Total and Permanent Disability under Sections 5.2 and 5.8 or a Non-Service Connected Partial Disability under Sections 5.4 and 5.10. Such Employee Disability Contribution shall continue until the earlier of the Participant's (1) Termination Date, or (2) the last day of the pay period immediately preceding the DROP Effective Date. Effective July 1, 2010, the amount of the Employee Disability Contribution shall be 0.8% of each Participant's Compensation. The rate of the Employee Disability Contribution shall be adjusted thereafter to the extent that the Actuary determines that such change is necessary to maintain proper funding. The amount of the Employee Disability Contribution shall not be picked up by the City under Section 414(h)(2) of the Internal Revenue Code. The Employee Disability Contribution shall only be used to pay for Disability Benefits on account of a Non-Service Connected Total and Permanent Disability or a Non-Service Connected Partial Disability.

(2) A Participant whose Employment Commencement Date was prior to October 23, 2013 and who is on an Authorized Leave of Absence (and who is not considered to be Actively Employed during the period of such Authorized Leave of Absence) may make a written election, at the time the Authorized Leave of Absence commences, to continue coverage for Disability Benefits attributable to a Non-Service Connected Total and Permanent Disability under Sections 5.2 and 5.8 or a Non-Service Connected Partial Disability under Sections 5.4 and 5.10. A Participant who makes such an election shall pay the Employee Disability Contribution during the period of the Authorized Leave of Absence in accordance with such procedures as may be established by the Administrator for such payments. The amount of such required Employee Disability Contribution shall be based upon the percentage of Compensation required to be contributed by an Active Employee and the salary schedule (as adjusted from time to time) applicable to the rank and grade held by the Employee at the time the Authorized Leave of Absence commences.

4.4 Disposition of Forfeitures

Any forfeitures arising under the Plan for any reason shall not be applied to increase the benefit of any person hereunder, but rather, shall be applied to pay administrative expenses of the Plan and Fund, if and as directed by the Administrator, and/or be used to reduce the City's contributions under the Plan.

4.5 Actuarial Examination

The Administrator shall, at least once every Plan year, cause the liabilities of the Plan to be evaluated by the Actuary who shall report to the Board and the City as to the soundness and solvency of the Fund in relation to the said liabilities, the amount of the City contribution sufficient to meet the requirements of Section 4.2(b) and 4.3(a) and the amount of the Employee Disability Contribution sufficient to meet the requirements of Section 4.3(b).

4.6 Transfer of Assets from Disability Income Plan

On or following the Date of Adoption, the liability for all benefits of any kind or nature under the Disability Income Plan, as well as all assets held under the Trust established with respect to the Disability Income Plan, were transferred to this Plan, which thereafter became responsible for all benefits payable under the Disability Income Plan following the date of transfer.

4.7 Contributions to Retirement Income Accounts

City contributions pursuant to Section 4.1 of the Prior Plan continued until the Date of Adoption. On and after the Date of Adoption, no further City contributions were made pursuant to Section 4.1 of the Prior Plan. On and after the Effective Date, no other contributions of any kind were made or permitted to any Retirement Income Account (including, without limitation, rollover contributions pursuant to Section 4.3 of the Prior Plan, or voluntary employee contributions pursuant to Section 4.4 or 4.5 of the Prior Plan). Subject to the provisions of Section 3.4, amounts previously contributed to a Participant's Retirement Income Account shall (1) remain a part of the Account after the Date of Adoption, (2) be subject to investment direction by the Participant in accordance with, and subject to the terms of, Section 9.4, and (3) be distributable upon termination of employment with the City in accordance with the provisions of Section 6.6.

ARTICLE 5

DISABILITY BENEFITS

5.1 Eligibility for a Service Connected Total and Permanent Disability Benefit

A Participant will be eligible for a Disability Benefit on account of a Service Connected Total and Permanent Disability commencing on the first day of the month when the Participant meets each and all of the following conditions:

(a) The Participant is Totally Disabled while actively employed as a Covered Employee;

(b) The Participant has been Totally Disabled for a period of six (6) consecutive months;

(c) The Participant's Total Disability has been ruled by the Virginia State Industrial Commission as total and permanent and is compensable as Workmen's Compensation; and

(d) The Participant has received an award of Social Security disability benefits.

5.2 Eligibility for a Non-Service Connected Total and Permanent Disability Benefit

A Participant whose Employment Commencement Date was prior to October 23, 2013 will be eligible for a Disability Benefit on account of a Non-Service Connected Total and Permanent Disability commencing on the first day of the month when the Participant meets all of the following conditions:

(a) The Participant is Totally Disabled while actively employed as a Covered Employee (and prior to his or her DROP Effective Date, if applicable);

(b) The Participant has been Totally Disabled for a period of six (6) consecutive months;

(c) The Participant has received an award of Social Security disability benefits; and

No Employee whose Employment Commencement Date or Reemployment Commencement Date is on or after October 23, 2013 shall be eligible for a Disability Benefit on account of a Non-Service Connected Total and Permanent Disability.

5.3 Eligibility for Service Connected Partial Disability Benefit

A Participant will be eligible for a Disability Benefit on account of a Service Connected Partial Disability commencing on the first day of the month when he or she meets all of the following conditions:

(a) The Participant is Partially Disabled while actively employed as a Covered Employee;

(b) The Participant's Disability has been ruled by the Virginia State Industrial Commission to be compensable as Workmen's Compensation;

(c) The Participant's Disability is certified by the Administrator as a Service Connected Partial Disability;

(d) The City does not offer the Participant Alternate Employment in accordance with Section 5.6; and

(e) The Administrator determines that such Disability is not reasonably correctable or subject to rehabilitation, the cost of which shall be borne by the City.

5.4 Eligibility for a Disability Benefit on Account of Non-Service Connected Partial Disability

A Participant whose Employment Commencement Date was prior to October 23, 2013 will be eligible for a Disability Benefit on account of a Non-Service Connected Partial Disability commencing on the first day of the month when the Participant meets all of the following conditions:

(a) The Participant is Partially Disabled prior to the earlier of his or her Normal Retirement Date or DROP Effective Date (while actively employed as a Covered Employee);

(b) The Participant applies for a Disability Benefit on or before October 22, 2013 and has been a Participant under this Plan (including any participation under the Disability Income Plan) for at least five (5) years at the commencement of his or her Partial Disability, or the Participant applies for a Disability Benefit on or after October 23, 2013 and has been a Participant under this Plan (including any participation under the Disability Income Plan) for at least ten (10) years at the commencement of his or her Partial Disability;

(c) The Participant is Partially Disabled while actively employed as a Covered Employee (and prior to his or her DROP Effective Date, if applicable);

(d) His disability is certified by the Administrator as a Non-Service Connected Partial Disability;

(e) The City does not offer the Participant Alternate Employment in accordance with Section 5.6; and

(f) The Administrator determines that such Partial Disability is not reasonably correctable or subject to rehabilitation, the cost of which shall be borne by the City.

For purposes of determining whether a Participant has been Participant in the Plan for the required number of years (five or ten) at the commencement of his or her Partial Disability, the Partial Disability shall not be considered to have commenced until there has been a medical determination by a physician that the Participant has an illness or injury which prevents the Participant from performing the duties of a sworn Police Officer or Firefighter.

No Employee whose Employment Commencement Date or Reemployment Commencement Date is on or after October 23, 2013 shall be eligible for a Disability Benefit on account of a Non-Service Connected Partial Disability.

5.5 Certain Excluded Disabilities

Notwithstanding anything in this Plan to the contrary, a Participant shall not become eligible for a Disability Benefit under this Plan if his or her Disability results from, or consists of addiction to narcotics or conviction of participation in a felonious act.

5.6 Alternate Employment

(a) Notwithstanding any other provision of this Plan, any Participant receiving benefits or eligible to receive benefits under this Plan as the result of a Disability shall be required to accept Alternate Employment.

(b) (1) Prior to any action to provide such Alternate Employment,

(i) the Human Resources Department shall present a detailed job description to an independent physician selected by the City (who shall be the treating physician if the Disability was covered by the Workmen's Compensation Act) for review and a determination that the Participant is medically able to undertake such employment;

(ii) the Human Resources Department shall notify the Participant of the particulars of the Alternate Employment (including the job location and a copy of the job description) and a copy of the physician's determination that the Participant is able to undertake the offered employment;

(iii) if the Participant believes he or she has just cause to refuse to accept such Alternate Employment, the Participant shall

notify the Human Resources Department in writing of such reason or reasons for refusal, no later than ten (10) days from receipt of the notification required by the preceding subparagraph;

(iv) should the Human Resources Director, after reviewing the Participant's written statement, still believe the Alternate Employment is appropriate and suitable, the Human Resources Director shall respond in writing to the Participant, stating the reasons supporting the determination of appropriateness and suitability, particularly responding to the Participant's written statement of reasons;

(v) should the Participant continue to refuse to accept the Alternate Employment, the issue shall be determined in accordance with the procedures of Section 5.6(b)(2)(i) or (ii).

(2) (i) In the event the Participant who refuses Alternate Employment is, in addition, entitled to receive benefits under the Workmen's Compensation Act, the decision as to whether his refusal is justifiable shall be presented to the Industrial Commission of Virginia for determination under the provisions of Section 65.1-63, Code of Virginia, and the decision of the Industrial Commission shall also be binding on the question of termination of Disability Benefits, as set forth in Section 5.11(b)(5) or (c)(3). If the Industrial Commission should fail or refuse to act on this question, then the determination shall be made pursuant to Section 5.6(b)(2)(ii) below.

(ii) If a Participant entitled to Disability Benefits under this Plan is not entitled to receive benefits under the Workmen's Compensation Act of the Commonwealth of Virginia, the decision as to whether his refusal of Alternate Employment is justifiable shall be presented to the City Attorney who shall act as an impartial arbitrator, based upon the entire record, under the standards utilized by the Industrial Commission under the provisions of Section 65.1-63, Code of Virginia. The City Attorney shall issue a written opinion specifying the reasoning and precedential support for his decision. The City Attorney may request either the Participant or the Human Resources Director, or both, to present additional information prior to rendering his decision.

(c) A Participant who accepts Alternate Employment shall be deemed to be Disabled, (and shall become entitled to a Disability Benefit in accordance with the provisions of Section 5.3 or 5.4 hereof) to the extent that it is

subsequently determined that, because of the Disability sustained while a Covered Employee, the Alternate Employment is no longer appropriate and suitable for the Participant. Such determination shall be made on the basis of a medical examination performed by an independent diagnostic clinic or physician(s) selected by the Administrator or a diagnostic clinic or physician(s) selected by the Participant, if acceptable to the Administrator. In addition, in order to receive a Disability Benefit, the Participant must otherwise be entitled to a Disability Benefit pursuant to Section 5.3 or 5.4 as of such date (i.e., he or she must meet all of the conditions imposed by Section 5.3 or 5.4, as the case may be, as of such date).

5.7 Amount of Disability Benefit on Account of Service Connected Total and Permanent Disability

Subject to Section 5.12, a Participant who is entitled to a Disability Benefit under Section 5.1 on account of a Service Connected Total and Permanent Disability shall receive a monthly Disability Benefit equal to seventy percent (70%) of the Participant's Average Monthly Compensation, reduced by the annual gross amount of periodic payments payable for lost wages, effective as of January 1, 2004, if any, under the Workmen's Compensation Act of the Commonwealth of Virginia. Such reduction shall be applied on a monthly basis in an amount equal to one-twelfth (1/12) of the annual amount so determined.

5.8 Amount of Disability Benefit on Account of Non-Service Connected Total and Permanent Disability

(a) Subject to Section 5.12, a Participant (1) whose Employment Commencement Date was prior to October 23, 2013, (2) who applies for a Disability Benefit on or before October 22, 2013 and (3) who is entitled to a Disability Benefit under Section 5.2 on account of a Non-Service Connected Total and Permanent Disability shall receive a monthly Disability Benefit equal to sixty-six and two-thirds percent (66 2/3%) of the Participant's Average Monthly Compensation.

(b) Subject to Section 5.12, a Participant (1) whose Employment Commencement Date was prior to October 23, 2013, (2) who applies for a Disability Benefit on or after October 23, 2013, and (3) who is entitled to a Disability Benefit under Section 5.2 on account of a Non-Service Connected Total and Permanent Disability shall receive a monthly Disability Benefit equal to 2.5% of the Participant's Average Monthly Compensation, multiplied by the number of the Participant's Years of Credited Service as of the date of Disability. Solely, for purposes of this provision, a Participant's Pre-2004 Credited Service shall be taken into account in determining the Participant's Years of Credited Service, regardless of whether the Participant made an election pursuant to Section 3.4(b). Notwithstanding anything to the contrary, in no event shall

a Participant's Disability Benefit under Section 5.2 exceed 50% of the Participant's Average Monthly Compensation.

5.9 Amount of Disability Benefit on Account of Service Connected Partial Disability

Subject to Section 5.12, a Participant who is entitled to a Disability Benefit under Section 5.3 on account of a Service Connected Partial Disability Benefit shall receive a monthly Disability Benefit equal to sixty-six and two-thirds percent (66 2/3%) of the Participant's Average Monthly Compensation, reduced by the annual gross amount of periodic payments payable for lost wages, if any, under the Workmen's Compensation Act of the Commonwealth of Virginia. Such reduction shall be applied on a monthly basis in an amount equal to one-twelfth (1/12) of the annual amount so determined.

5.10 Amount of Disability Benefit on Account of Non-Service Connected Partial Disability

Subject to Section 5.12,

(a) A Participant (1) whose Employment Commencement Date was prior to October 23, 2013, (2) who applies for a Disability Benefit on or before October 22, 2013 and (3) who is entitled to a Disability Benefit under Section 5.4 on account of a Non-Service Connected Partial Disability shall receive a monthly Disability Benefit equal to fifty percent (50%) of the Participant's Average Monthly Compensation.

(b) A Participant (1) whose Employment Commencement Date was prior to October 23, 2013, (2) who applies for a Disability Benefit on or after October 23, 2013 and (3) who is entitled to a Disability Benefit under Section 5.4 on account of a Non-Service Connected Partial Disability shall receive a monthly Disability Benefit equal to 2.5% of the Participant's Average Monthly Compensation, multiplied by the number of the Participant's Years of Credited Service as of the date of Disability. Solely, for purposes of this provision, a Participant's Pre-2004 Credited Service shall be taken into account in determining the Participant's Years of Credited Service, regardless of whether the Participant made an election pursuant to Section 3.4(b). Notwithstanding anything to the contrary, in no event shall a Participant's Disability Benefit under Section 5.4 exceed 50% of the Participant's Average Monthly Compensation.

5.11 Commencement and Cessation of Disability Benefits

(a) Disability Benefits shall be paid monthly commencing on the Participant's Disability Retirement Date.

(b) Subject to the provisions of Section 5.13 and 5.15, Disability Benefits for a Participant who is Totally Disabled and entitled to benefits under Sections 5.1 or 5.2, will cease on the first day of the month coincident with or next following the earliest of the dates specified below:

(1) The date the administrator determines that the Participant is no longer Totally Disabled, on the basis of a medical examination by an independent diagnostic clinic or physician(s) selected by the Administrator.

(2) The date the Participant refuses to undergo a medical examination requested by the Administrator, provided the Participant may not be required to undergo such medical examination more often than twice a year.

(3) The date that the Participant's disability payments under Social Security cease.

(4) The date the Participant returns to a regular occupation or employment.

(5) The date the Participant refuses any employment that the Participant is required to accept pursuant to Section 5.6.

(6) The date on which the Participant dies.

(c) Subject to the provisions of Section 5.13 and 5.15, Disability Benefits for a Participant who is Partially Disabled and entitled to benefits under Sections 5.3 or 5.4, will cease on the first day of the month coincident with or next following the earliest of the dates specified below:

(1) The date the Administrator determines that the Participant is no longer Partially Disabled, on the basis of a medical examination by an independent diagnostic clinic or physician(s) selected by the Administrator.

(2) The date the Participant refuses to undergo a medical examination requested by the Administrator, provided the Participant may not be required to undergo such medical examination more often than twice a year.

(3) The date the Participant refuses any employment that the Participant is required to accept pursuant to Section 5.6.

(4) The date on which the Participant dies.

(d) A Participant who is Totally Disabled (and who would be entitled to a Service or Non-Service Connected Total and Permanent Disability Benefit,

but for an award of Social Security disability benefits) shall be entitled to receive a Service or Non-Service Connected Partial Disability Benefit (pending receipt of an award of Social Security disability benefits). Upon the award of Social Security disability benefits, the Participant will be entitled to a Service or Non-Service Connected Total and Permanent Disability Benefit effective as of the later of (i) the date on which the Participant has been Totally Disabled for a period of six (6) months, (ii) the Participant's Disability Retirement Date, or (iii) the date the Participant applied for an award of Social Security disability benefits.

5.12 Limitation on Benefits

(a) Disability Benefits under this Article 5 or the Disability Income Plan before Normal Retirement Date shall be limited by the assets of the Fund designated for the payment of Disability Benefits. If the Administrator after consultation with the Actuary foresees the portion of the Fund dedicated to Disability Benefits becoming insolvent, the Administrator may reduce all Participants' Disability Benefits on a pro rata basis as of the first day of any month after giving each Participant receiving Disability Benefits under the Plan and the Disability Income Plan adequate written notice.

(b) The amount of the Disability Benefit payable to a Participant who applies for a Partial Disability Benefit (Service and Non-Service Connected) on or after October 23, 2013 shall be reduced by an amount equal to $1 for each $3 dollars in earnings from Gainful Employment in the preceding calendar year. The Administrator shall develop reasonable rules for applying the offset. For this purpose, earnings shall include wages, salary, fees, commissions or other remuneration for services rendered, but shall not include investment or other passive income.

(c) In order to be eligible to receive a Disability Benefit, a Participant shall provide the Administrator with any information reasonably requested by the Administrator to determine whether the Participant has earnings from Gainful Employment. Such information may include, but is not necessarily limited to, copies of the Participant's federal and state income tax returns and account statements from financial institutions. If the Participant is married, such request may extend to accounts maintained by the Participant's spouse. In the event a Participant fails to provide the Administrator with information requested to determine the extent to which the Participant has earnings from Gainful Employment within thirty (30) days after it is requested, the Administrator may suspend the Participant's Disability Benefit until such time as the information is provided. If the Participant fails to provide the Administrator with the requested information within thirty (30) days after a Disability Benefit has been suspended, the Administrator may cancel the Participant's Disability Benefit.

5.13 Disability Benefits After Normal Retirement Date

(a) Upon the later of the Participant's Normal Retirement Date or Disability Retirement Date, a Participant who is receiving (or entitled to receive) Disability Benefits shall begin receiving his or her Accrued Pension Benefit in accordance with the provisions of Article 6 and may elect to have his or her Accrued Pension Benefit paid in any of the optional annuity forms permitted under Section 7.2(a) or (b) (but not under Section 7.2(c)). The Actuarial Equivalence of the optional annuity forms shall be determined using the Actuarial Equivalence for Disabled Participants (for determining Actuarial Equivalence under Section 5.13) set forth in Appendix A.

(b) In the case of a Participant whose Disability Retirement Date occurs before his or her Normal Retirement Date and who applies for a Disability Benefit prior to October 23, 2013, Disability Benefits under this Plan shall be recomputed as of the Participant Normal Retirement Date, so that the Participant's Disability Benefits under Article 5 and the sum of the Participant's Accrued Pension Benefit under Article 6 and, if applicable, the amount of his or her City Funded Retirement Income Account (all expressed in the form in which Disability Benefits were payable prior to the Participant's Normal Retirement Date) is actuarially equal in value to the amount of payments that the Participant would have received under Article 5 if the Participant (i) had not been Disabled, (ii) had continued to be employed by the City at the same rank and grade he or she had attained immediately prior to his or her Disability, (iii) for the prior forty-eight (48) months, had received the amount of pay applicable to such rank and grade (including any cost of living wage adjustment granted by the City but ignoring any step increases for such rank and grade), and (iv) had become Disabled and begun receiving Disability Benefits under this Article 5 immediately prior to his or her Normal Retirement Date. If the amount of pay applicable to the Participant's rank and grade is modified by a change in the City's compensation or classification system, then the Participant shall be assigned to an equivalent rank and grade within such revised compensation or classification system for purposes of applying clauses (ii) and (iii) of this Section 5.13(b).

(c) In the case of a Participant whose Disability Retirement Date occurs before his or her Normal Retirement Date and who applies for a Disability Benefit on or after October 23, 2013, Disability Benefits under this Plan shall be recomputed as of the Participant Normal Retirement Date, so that the Participant's Disability Benefits under Article 5 and the sum of the Participant's Accrued Pension Benefit under Article 6 and, if applicable, the amount of his or her City Funded Retirement Income Account (all expressed in the form in which Disability Benefits were payable prior to the Participant's Normal Retirement Date) is actuarially equal in value to the

amount of payments that the Participant would have received under Article 5 if the Participant (i) had not been Disabled, (ii) had continued to be employed by the City at the same rank and grade he or she had attained immediately prior to his or her Disability, (iii) for the prior forty-eight (48) months, had received the amount of pay applicable to the Participant on his or her Disability Retirement Date, and (iv) had become Disabled and begun receiving Disability Benefits under this Article 5 immediately prior to his or her Normal Retirement Date. If the amount of pay applicable to the Participant's rank and grade is modified by a change in the City's compensation or classification system, then the Participant shall be assigned to an equivalent rank and grade within such revised compensation or classification system for purposes of applying clauses (ii) and (iii) of this Section 5.13(c).

(d) Following the recalculation under Section 5.13(b) or (c), the Disability Benefits under Article 5 shall continue to be paid to the Participant following his or her Normal Retirement Date in the same form as such Benefits were being paid prior to the Participant's Normal Retirement Date (i.e., either in the normal form or under the contingent annuitant option), but only to the extent necessary to provide that the Disability Benefits under Article 5 and the retirement benefits under Article 6 (including for this purpose any retirement benefits payable with respect to the Participant's City Funded Retirement Income Account) are Actuarially Equivalent to the recalculated Disability Benefits the Participant would have received under Article 5, as computed in accordance with Section 5.13(b) or (c). In the event that the Participant's retirement benefits under Article 6 (including for this purpose any retirement benefits payable with respect to the Participant's City Funded Retirement Income Account) are equal to or greater than such recalculated Disability Benefit, then all Disability Benefits payable under this Article 5 shall cease on the Participant's Normal Retirement Date

(e) In the case of a Participant who becomes Disabled on or after reaching his or her Normal Retirement Date, the Participant's Disability Benefits under this Plan shall be equal to the Participant's Disability Benefits, as computed under Article 5, less the sum of the Participant's Accrued Pension Benefit under Article 6 and, if applicable, the amount of his or her City Funded Retirement Income Account. For purposes of this calculation, the Participant's Accrued Pension Benefit and City Funded Retirement Income Account shall be expressed in the form in which Disability Benefits are payable to the Participant. Following such calculation, the Disability Benefits under Article 5 shall immediately commence to the Participant in accordance with the provisions of this Article 5. In the event that the Participant's retirement benefits under Article 6 (including for this purpose any retirement benefits payable with respect to the Participant's City Funded Retirement Income Account) are equal to or greater than the

Disability Benefit computed in accordance with this paragraph, then no Disability Benefits shall be payable under this Article 5.

(f) For purposes of the determinations required under this Section 5.13:

(1) The amount of retirement income that is payable with respect to a Participant's City Funded Retirement Income Account (based on the value as of the Date of Adoption and any subsequent Investment Adjustments) shall be determined by the Actuary using the Actuarial Equivalence for Disabled Participants (for determining Actuarial Equivalence under Section 5.13) set forth in Appendix A, as in effect on the Participant's Normal Retirement Date (for purposes of Section 5.13(b), (c) and (d)) or Disability Retirement Date (for purposes of Section 5.13(d)).

(2) In the case of a Participant whose Accrued Pension Benefit is subject to a qualified domestic relations order (within the meaning of Section 13.3(c)(5)), such qualified domestic relations order shall be ignored in determining the amount of the Participant's Accrued Pension Benefit under Article 6 (so that the Participant's entire Accrued Pension Benefit is taken into account in determining the extent to which the Participant's retirement benefits are equal to or greater than the Participant's recalculated Disability Benefit and the amount of any Disability Benefit payable to the Participant following his or her Normal Retirement Date or Disability Retirement Date, as the case may be).

(3) In the case of a Participant whose Retirement Income Account is subject to a qualified domestic relations order (within the meaning of Section 13.3(c)(5)), such qualified domestic relations order shall be ignored in determining the amount of retirement income that is payable with respect to a Participant's City Funded Retirement Income Account. To the extent that the Participant's Retirement Income Account has been divided into separate accounts pursuant to a qualified domestic relations order, the amount of retirement income that is payable with respect to a Participant's City Funded Retirement Income Account shall be determined by including in the value of the Participant's City Funded Retirement Income Account an amount equal to (i) the portion of the Participant's City Funded Retirement Income Account assigned to the alternate payee, and (ii) imputed earnings on such amount, computed based on the interest rate used for determining Actuarial Equivalence under Appendix A (as in effect on the date such determination is being made), from the date of assignment to the Participant's Normal Retirement Date or Disability Retirement Date, as the case may be.

5.14 Cash Settlement Option

The Participant may, at the option of the Administrator, receive a cash settlement in an amount agreed upon by the Participant and the Administrator prior to his Disability Retirement Date in lieu of the Disability Benefit that he would otherwise be entitled to, provided such Disability is due to a Service Connected Total and Permanent Disability or Service Connected Partial Disability as described in Section 5.1 and 5.3. Any such cash settlement shall not be in excess of the value of the Participant's Disability Benefit on his Disability Retirement Date, as determined based on the Actuarial Assumptions assuming payment to a Participant ceases as of the earlier of the first day of the month in which the Participant dies or reaches his or her Normal Retirement Date.

5.15 Contingent Annuitant Option

A Participant may elect, prior to his or her Disability Retirement Date, to receive Disability Benefits in the form of the contingent annuitant option and designate a contingent annuitant (who is the spouse of the Participant or the Participant's natural or legally adopted children, determined as of the Participant's Disability Retirement Date). A Participant's election, revocation or change under this Section shall be made by written notice filed with the Administrator. Such contingent annuitant shall not be more than 30 years younger than the Participant. Under this option, the Participant will receive a reduced annual Disability Benefit equal to 50%, 66 2/3%, or 100% of the Disability Benefit payable during the Participant's lifetime (as specified in the election). Such reduced Disability Benefit shall be payable to the contingent annuitant until the first day of the month in which the contingent annuitant dies.

If a Participant elects the contingent annuitant option, the amount of the Disability Benefit to which the Participant is entitled will be adjusted, so that it is the Actuarial Equivalent of the Disability Benefit that the Participant would have received had the election not been made. Actuarial Equivalence shall be determined using the Actuarial Equivalence for Disabled Participants (for determining Actuarial Equivalence under Section 5.15) set forth in Appendix A.

This option will become inoperative if (i) a Disabled Participant ceases to be eligible for Disability Benefits for reasons other than death, or (2) either the Participant or the contingent annuitant dies before Disability Benefits commence.

If the Contingent Annuitant dies before the Participant, this option will become inoperative and the Participant's Disability Benefits will be adjusted up to the full amount.

The Administrator reserves the right to make this option inoperative with respect to any Participant if the annual Disability Benefit to the Contingent Annuitant would be less than Sixty Dollars ($60.00).

5.16 Cost of Living Adjustment

Disability Benefits payable pursuant to Section 5.7, 5.8, 5.9, 5.10 or 5.13 shall be adjusted beginning May 1, 2005 for changes in the cost of living in accordance with the provisions of Section 6.11.

Notwithstanding anything to the contrary, effective for Disability Benefits payable with respect to a Participant who applied for a Disability Benefit on or after October 23, 2013, (i) Disability Benefits payable pursuant to Section 5.8, 5.10, 5.13 or 5.15 with respect to a Non-Service Connected Partial Disability or a Non-Service Connected Total and Permanent Disability shall not be adjusted for changes in the cost of living in accordance with the provisions of Section 6.11, and (ii) Disability Benefits payable pursuant to Section 5.7, 5.9, 5.13 or 5.15 with respect to a Service Connected Partial Disability or a Service Connected Total and Permanent Disability shall only be adjusted for changes in the cost of living in accordance with the provisions of Section 6.11 during the first five (5) years after the Participant's Disability Retirement Date (and after the Participant becomes eligible to receive a cost of living adjustment). To the extent that more than five years has elapsed since the Participant became eligible to receive a cost of living adjustment at the time Section 5.13 or 5.15 applies, no further cost of living adjustment shall be made with respect to any continuing Disability Benefit under Section 5.13 or 5.15.

5.17 Death of Disabled Participant

If a Participant receiving Disability Benefits dies, the extent to which any benefits are payable following the death of the Participant shall be determined in accordance with Section 6.9(f).

5.18 Special Election to Use City Funded Retirement Income Account to Purchase Retirement Income at Normal Retirement Date

(a) **Disabled Participants Who Have Not Reached Normal Retirement Date**

(1) Each Participant:

(i) who reached their Disability Retirement Date before June 12, 2007;

(ii) who still has a City Funded Retirement Income Account;

(iii) who is currently receiving Disability Benefits under the Plan; and

(iv) who had not reached their Normal Retirement Date as of September 1, 2006,

could elect to transfer his or her City Funded Retirement Income Account to the Pension Plan in exchange for retirement income commencing on the Participant's Normal Retirement Date (or in the case of a Participant that has already reached his or her Normal Retirement Date, on the first day of the month following the date of election). The amount of such retirement income shall be determined in accordance with the provisions of Section 5.18(a)(3) and shall be used to determine the extent to which the Participant's Disability Benefits continue following the Participant's Normal Retirement Date in accordance with Section 5.13. In the case of a Participant who reached his or her Disability Retirement Date before the Date of Adoption, the Participant's Normal Retirement Date shall be determined under the provisions of the Disability Income Plan.

(2) In order to be effective, an election to transfer the Participant's City Funded Retirement Income Account to the Pension Plan in exchange for retirement income commencing on the Participant's Normal Retirement Date under this Section 5.18(a) must have been:

(i) made on a form supplied by the City for this purpose;

(ii) irrevocable; and

(iii) have been returned to (and the receipt acknowledged by) the Department of Finance on or before 5:00 P.M. (Eastern Time) on October 10, 2007.

(3) Upon a Participant's election pursuant to Section 5.18(a)(2) above, the Participant's City Funded Retirement Income Account shall be transferred to and become a part of the Fund and shall be available to provide benefits to all Participants under the defined benefit portion of the Plan. Upon such transfer, the Participant shall be entitled to receive deferred monthly retirement income from the defined benefit portion of the Plan, with such retirement benefit commencing on the Participant's Normal Retirement Date (or in the case of a Participant that has already reached his or her Normal Retirement Date, on the first day of the month following the date of election) and continuing for the remainder of the Participant's life (with no survivor benefits). The amount of such retirement income shall not exceed the amount of the Participant's Disability Benefits as of the Participant's Normal Retirement Date (as recalculated pursuant to Section 5.13 of the Plan or 4.07 of the Disability Income Plan, as the case may be). For this purpose:

(i) The amount of retirement income shall not exceed the Actuarial Equivalent of the Participant's City Funded Retirement Income Account.

(ii) The deferred monthly retirement income from the defined benefit portion of the Plan (and Actuarial Equivalence) shall be determined taking into account the cost of living adjustment under Section 6.11 that is applicable to any amount payable as an annuity.

(iii) Actuarial Equivalence shall be determined on the Actuarial Equivalence for Disabled Participants (for conversion of City Funded Retirement Income Account under Section 5.18), as set forth in Appendix A.

(iv) In no event may the amount of retirement income purchased with the Participant's City Funded Retirement Income Account exceed the amount of the Participant's Disability Benefits as of the Participant's Normal Retirement Date (as recalculated pursuant to Section 5.13 of the Plan or 4.07 of the Disability Income Plan, as the case may be). If the Participant had previously elected the contingent annuitant option under Section 5.15 of the Plan or Section 5.02 of the Disability Income Plan, as the case may be, then the amount of retirement income purchased with the Participant's City Funded Retirement Income Account shall not exceed the Actuarial Equivalent of the Participant's Disability Benefits as of the Participant's Normal Retirement Date. In the event that the amount of retirement income purchased with a Participant's City Funded Retirement Income Account is limited by the application of this subsection, the excess of the value of the City Funded Retirement Income Account over the amount actually used to purchase retirement income (determined as of the Participant's Normal Retirement Date) shall be re-credited to the Participant's Retirement Income Account. Such amount shall be credited on the Participant's Normal Retirement Date and shall include earnings on such excess based on the interest rate used for determining Actuarial Equivalence under Appendix A (as in effect on the Participant's date of election under Section 5.18(a)(2)) from the date the Retirement Income Account was transferred to the Pension Plan to the Participant's Normal Retirement Date.

(v) In the case of a Participant who reached his or her Normal Retirement Date after September 1, 2006, the amount of retirement income purchased with the Participant's City

Funded Retirement Income Account (and the determination of whether the value of the Participant's City Funded Retirement Income Account exceeds the amount of the Participant's Disability Benefits) shall be made as if the purchase and transfer occurred on the Participant's Normal Retirement Date.

(4) In lieu of the straight life retirement annuity described in Section 5.18(a)(3), a Participant who has not reached his or her Normal Retirement Date may elect, at the time the Participant reaches his or her Normal Retirement Date, to receive monthly retirement income in the form of a joint and survivor option or guaranteed period option, subject to the following restrictions:

(i) Such election shall be made in accordance with the provisions of Section 7.2.

(ii) The joint and survivor option shall be limited to the option that provides a monthly income during the Participant's lifetime and continuing after his or her death at a 50% rate (i.e., the 66 2/3% and 100% survivor options are not available).

(iii) The designated contingent annuitant under the joint and 50% survivor option must be the Participant's Spouse.

(iv) The guaranteed period option shall be limited to the 5 or 10 year guaranteed period option (i.e., the 15 or 20 year guaranteed period options are not available).

Any optional form of retirement income elected by a Participant pursuant to this Section 5.18(a)(4) shall be the Actuarial Equivalent of the life annuity described in Section 5.18(a)(3), as determined based on the Actuarial Equivalence for Disabled Participants (for determining Actuarial Equivalence under Section 5.18(a)(4)) set forth in Appendix A, and shall include any cost of living adjustment applicable to a joint and survivor option or guaranteed period option to the extent provided under Section 6.11.

(b) **Participants Who Become Disabled After June 12, 2007**

(1) Each Participant:

(i) who reaches their Disability Retirement Date after June 12, 2007; and

(ii) who still has a City Funded Retirement Income Account;

may elect to use his or her City Funded Retirement Income Account to purchase retirement income commencing on the later of the Participant's Normal Retirement Date or Disability Retirement Date. The amount of such retirement income shall be determined in accordance with the provisions of Section 5.18(b)(3) and shall be used to determine the extent to which the Participant's Disability Benefits continue following the Participant's Normal Retirement Date or Disability Retirement Date in accordance with Section 5.13.

(2) In order to be effective, an election to use the City Funded Retirement Income Account to purchase retirement income commencing on the Participant's Normal Retirement Date under this Section 5.18(b) must be:

(i) made on a form supplied by the City for this purpose;

(ii) irrevocable; and

(iii) returned to (and the receipt acknowledged by) the Department of Finance on or before the first business day that occurs 120 days after the Participant's Disability Retirement Date.

(3) Upon a Participant's election pursuant to Section 5.18(b)(2) above, the Participant's City Funded Retirement Income Account shall be transferred to and become a part of the Fund and shall be available to provide benefits to all Participants under the defined benefit portion of the Plan. Upon such transfer, the Participant shall be entitled to receive deferred monthly retirement income from the defined benefit portion of the Plan, with such retirement benefit commencing on the Participant's Normal Retirement Date and continuing for the remainder of the Participant's life (with no survivor benefits). The amount of such retirement income shall be the Actuarial Equivalent of the Participant's City Funded Retirement Income Account, provided, however, that:

(i) The deferred monthly retirement income from the defined benefit portion of the Plan (and Actuarial Equivalence) shall be determined taking into account the cost of living adjustment under Section 6.11 that is applicable to any amount payable as an annuity.

(ii) Actuarial Equivalence shall be determined on the Actuarial Equivalence for Disabled Participants (for conversion of the City Funded Retirement Income Account under Section 5.18), as set forth in Appendix A.

(iii) In no event may the amount of retirement income purchased with the Participant's City Funded Retirement Income Account exceed the amount of the Participant's Disability Benefits as of the Participant's Normal Retirement Date (as recalculated pursuant to Section 5.13). If the Participant had previously elected the contingent annuitant option under Section 5.15, then the amount of retirement income purchased with the Participant's City Funded Retirement Income Account shall not exceed the Actuarial Equivalent of the Participant's Disability Benefits as of the Participant's Normal Retirement Date. In the event that the amount of retirement income purchased with a Participant's City Funded Retirement Income Account is limited by the application of this subsection, the excess of the value of the City Funded Retirement Income Account over the amount actually used to purchase retirement income (determined as of the Participant's Normal Retirement Date) shall be re-credited to the Participant's Retirement Income Account. Such amount shall be credited on the Participant's Normal Retirement Date and shall include earnings on such excess based on the interest rate used for determining Actuarial Equivalence under Appendix A (as in effect on the Participant's date of election under Section 5.18(b)(2)) from the date the Retirement Income Account was transferred to the Pension Plan to the Participant's Normal Retirement Date.

(4) In lieu of the straight life retirement annuity described in Section 5.18(b)(3), a Participant may elect, at the time the Participant reaches his or her Normal Retirement Date, to receive monthly retirement income in the form of a joint and survivor option or guaranteed period option, subject to the following restrictions:

(i) Such election shall be made in accordance with the provisions of Section 7.2.

(ii) The joint and survivor option shall be limited to the option that provides a monthly income during the Participant's lifetime and continuing after his or her death at a 50% rate (i.e., the 66 2/3% and 100% survivor options are not available).

(iii) The designated contingent annuitant under the joint and 50% survivor option must be the Participant's Spouse.

(iv) The guaranteed period option shall be limited to the 5 or 10 year guaranteed period option (i.e., the 15 or 20 year guaranteed period options are not available).

Any optional form of retirement income elected by a Participant pursuant to this Section 5.18(b)(4) shall be the Actuarial Equivalent of the life annuity described in Section 5.18(b)(3), as determined based on the Actuarial Equivalence for Disabled Participants (for determining Actuarial Equivalence under Section 5.18(b)(4)) set forth in Appendix A, and shall include any cost of living adjustment applicable to a joint and survivor option or guaranteed period option to the extent provided under Section 6.11.

5.19 Amendments to Disability Income Plan

In the case of a Participant whose rights to a Disability Benefit, and the amount and conditions of such Disability Benefit, are determined under the provisions of the Disability Income Plan, as in effect prior to the Date of Adoption, the provisions of the Disability Income Plan applicable to such Participant are hereby amended as follows:

(a) **Section 4.07**

Section 4.07 of the Disability Income Plan is hereby deleted in its entirety and the following new Section 4.07 inserted in lieu thereof:

Section 4.07 - Disability Benefits After Normal Retirement Date

When the Participant reaches his Normal Retirement Date (i.e., age sixty (60)), the Participant's benefits from the Disability Income Plan shall be recomputed so that benefits from the Disability Income Plan and benefits from the Participant's City Funded Retirement Income Account (as defined in Section 1.6 of the Pension Plan) shall be actuarially equal in value to the amount of payments that the Participant would have received under Section 4.01, 4.02, 4.03 or 4.04 of the Disability Income Plan if the Participant (i) had not been disabled, (ii) had continued to be employed by the City at the same rank and grade he had attained immediately prior to his disability, (iii) for the prior thirty-six (36) months, had received the amount of pay applicable to such rank and grade (including any cost of living wage adjustment granted by the City but ignoring any step increases for such rank and grade), and (iv) had become disabled and begun receiving Disability Benefits immediately prior to his Normal Retirement Date. If the amount of pay applicable to the Participant's rank and grade is modified by a change in the City's compensation or classification system, then the Participant shall be assigned to an equivalent rank and grade within such revised compensation or classification system for purposes of applying clauses (ii) and (iii) of the preceding sentence.

Following such recalculation, the Disability Benefits pursuant to Section 4.01, 4.02, 4.03 or 4.04 of the Disability Income Plan shall continue to be paid to the Participant under the Disability Income Plan following his Normal Retirement Date, but only to the extent necessary to provide that benefits from the Disability Income Plan and benefits from the Participant's City Funded Retirement Income Account are equal to the recalculated Disability Benefits the Participant would have received under Section 4.01, 4.02, 4.03 or 4.04 of the Disability Income Plan, as computed in accordance with the preceding paragraph. In the event that the actuarially determined benefits from the Participant's City Funded Retirement Income Account are equal to or greater than such recalculated Disability Benefit, then all Disability Benefits payable under the Disability Income Plan shall cease on the Participant's Normal Retirement Date.

For purposes of the determinations required under this Section 4.07:

(1) The amount of benefits payable with respect to a Participant's City Funded Retirement Income Account shall be determined by the Actuary using the Actuarial Equivalence for Disabled Participants (for determining Actuarial Equivalence under Section 5.19) set forth in Appendix A to the Pension Plan, as in effect at such Normal Retirement Date.

(2) In the case of a Participant whose Retirement Income Account is subject to a qualified domestic relations order (within the meaning of Section 13.3(c)(5) of the Pension Plan) on or after June 12, 2007, such qualified domestic relations order shall be ignored in determining the amount of the benefit that is payable with respect to a Participant's City Funded Retirement Income Account. To the extent that the Participant's Retirement Income Account has been divided into separate accounts pursuant to a qualified domestic relations order the amount of benefit that is payable with respect to a Participant's City Funded Retirement Income Account shall be determined by including the sum of (i) the portion of the Participant's City Funded Retirement Income Account assigned to the alternate payee, and (ii) imputed earnings on such amount computed based on the interest rate used for determining Actuarial Equivalence under Appendix A of the Pension Plan (as in effect on the date such determination is being made) from the date of assignment to the Participant's Normal Retirement Date.

ARTICLE 6

RETIREMENT AND OTHER TERMINATION OF EMPLOYMENT

6.1 Normal Retirement

(a) Upon the Participant's retirement on the first day of a month or the last scheduled workday of the month following his or her Normal Retirement Date, or the termination of the Participant's status as a Covered Employee following his or her Normal Retirement Date, the Participant shall be entitled to receive a monthly retirement income, beginning with the first day of the month coincident with or next following his or her retirement and continuing for the remainder of the Participant's life. A Participant who is Disabled prior to his or her Normal Retirement Date and who is receiving Disability Benefits under Article 5 shall begin receiving a retirement benefit under this Article 6 as of the first day of the month coincident with or next following the attainment of age 55, as provided in Section 5.13.

(b) The amount of such monthly benefit shall equal to:

(1) In the case of a Participant whose Employment Commencement Date was prior to October 23, 2013,

(i) 2.5% of the Participant's Average Monthly Compensation, multiplied by the number of the Participant's Years of Credited Service up to a maximum of 20 years, plus

(ii) 3.2% of the Participant's Average Monthly Compensation, multiplied by the number of the Participant's Years of Credited Service in excess of 20 years, but not in excess of 30 years (i.e., up to a maximum of 10 years).

(2) In the case of a Participant whose Employment Commencement Date or Reemployment Commencement Date was on or after October 23, 2013, 2.5% of the Participant's Average Monthly Compensation, multiplied by the number of the Participant's Years of Credited Service.

If a Participant whose Reemployment Commencement Date is on or after October 23, 2013 has Years Of Credited Service earned before and after October 23, 2013, the benefit payable with respect to Years of Credited Service earned prior to the Participant's Reemployment Commencement Date shall be determined in accordance with subsection (b)(1) and the benefit payable with respect to Years of Credited Service earned on or after the

Participant's Reemployment Commencement Date shall be determined in accordance with subsection (b)(2).

Notwithstanding anything to the contrary, in no event shall a Participant's monthly allowance under Section 6.1(b)(1) exceed 82% of the Participant's Average Monthly Compensation. In addition, if a Participant whose Reemployment Commencement Date is on or after October 23, 2013 has Years Of Credited Service earned before and after October 23, 2013, the Participant's monthly allowance under both Section 6.1(b)(1) and (b)(2) shall not exceed 82% of the Participant's Average Monthly Compensation.

6.2 Early Retirement

(a) Upon the Participant's termination of employment with the City on the first day of a month or the last scheduled workday of the month following his or her Early Retirement Date, the Participant shall be entitled to receive, commencing on the first day of the month coincident with or next following the Participant's 55th birthday, a monthly benefit equal to the Participant's Accrued Pension Benefit, determined as of his or her Early Retirement Date.

(b) At the election of the Participant, payment of his or her vested Accrued Pension Benefit may commence at any time on or after the first day of the month coincident with or next following the Participant's termination of employment with the City following his or her Early Retirement Date and prior to his or her 55th birthday, in which case such Accrued Pension Benefit shall be reduced (in order to reflect early commencement of payments) to an amount that is the Actuarial Equivalent of the Participant's Accrued Pension Benefit.

(c) Notwithstanding the foregoing, a Participant who has completed at least 25 Years of Credited Service prior to attaining age 50 shall be entitled to a monthly benefit equal to the Participant's Accrued Pension Benefit (determined as of his or her Early Retirement Date) commencing on the first day of the month coincident with or next following the date of his or her termination of employment with the City (i.e., the Participant's benefit shall not be actuarially reduced for commencement prior to age 55).

6.3 Employment After Normal Retirement Age

In the event a Participant remains an Employee after his or her Normal Retirement Date, then, subject to the limitations set forth in Section 6.8 and subject to Section 7.3, the Participant shall be entitled to receive, commencing on the first day of the month coincident with or otherwise next following his or her termination of employment with the City, the benefit to which the Participant would have been entitled with respect to his or her Accrued Pension Benefit

pursuant to Section 6.1(b) if he or she had retired on the Participant's Normal Retirement Date, but adjusted:

(a) by including any additional Years of Credited Service which have accrued since the Participant's Normal Retirement Date (subject to the overall 30 year limitation on Years of Credited Service taken into account); and

(b) by taking into account any increases in Average Monthly Compensation which may be generated by increases in Compensation earned as a Covered Employee since the Participant's Normal Retirement Date.

6.4 Deferred Retirement Option Program

(a) Eligibility For DROP

A Participant who has completed at least 30 Years of Credited Service and whose Employment Commencement Date was prior to October 23, 2013 may voluntarily elect, pursuant to this Section 6.4, to retire for purposes of calculating his or her Accrued Pension Benefit, continue working as a Covered Employee for a period of up to 3 years, and defer commencement of his or her Accrued Pension Benefit until his or her DROP Retirement Date. The deferred benefit will be credited to the Participant's DROP Account and credited with interest in accordance with Section 6.4(e). In order for the DROP Election to be effective, the eligible Participant must complete and execute an election and release on a form supplied by the Administrator, and such election and release must be valid and binding on the Participant in accordance with its terms.

A Participant who does not elect to participate in the DROP in accordance with the provisions of this Section 6.4 when first eligible, may elect to participate at any time thereafter prior to his or her Termination Date or Disability Retirement Date.

A Participant whose Employment Commencement Date or Reemployment Commencement Date was on or after October 23, 2013 shall not be eligible for the DROP.

(b) Election of Retirement Date

An eligible Participant who voluntarily elects to have the provisions of this Section 6.4 apply shall irrevocably elect to retire no later than three years following the DROP Effective Date on which the Participant makes a DROP Election in accordance with Section 6.4(c). The DROP Election is not a commitment to remain employed for a period of up to three years or a guarantee of continued employment. A Participant who makes a DROP Election may retire at any time prior to the date specified in his or her

DROP Election and may be terminated by the City at any time in accordance with the relevant rules and procedures applicable to terminations of Firefighters or Police Officers.

(c) **DROP Election**

The election to participate in the DROP in accordance with all of the terms and conditions of this Section 6.4 must be made, if at all, by executing and delivering to the Administrator, a DROP Election on a form provided by the Administrator for this purpose. Such form shall include a waiver and release of any age discrimination or other claims relating to the DROP. A DROP Election using the form provided by the Administrator must be filed with the Administrator at least sixty (60) days prior to the proposed DROP Effective Date. The proposed DROP Effective Date selected by the Participant shall be subject to the approval of the Administrator. A Participant who makes a DROP Election shall have a period of seven (7) calendar days to revoke the DROP Election. If the DROP Election is in effect at the close of regular business hours on the seventh calendar day after the date on which the Participant signs the DROP Election, the DROP Election (including, without limitation, the DROP Effective Date and the commitment to terminate employment and retire on the date specified) shall thereupon become irrevocable.

If a Participant makes a valid DROP Election, the amount accrued by a Participant after his or her DROP Effective Date and the amount payable with respect to the Participant's Accrued Pension Benefit shall be determined solely and exclusively by the provisions of this Section 6.4 and, except as otherwise specifically provided herein, the Participant shall not be entitled to any payment, benefit or amount with respect to his or her Accrued Pension Benefit.

(d) **Effect of Failure to Elect**

The rights under the Plan of any Participant who is eligible for the DROP but who does not elect to participate in the DROP in accordance with, and subject to, all of the terms and conditions of this Section 6.4, shall be determined by the remaining terms of the Plan, and the value of any rights created by this Section 6.4 shall not be considered in determining such Participant's Accrued Pension Benefit or the Actuarial Equivalent thereof.

(e) **Credit to DROP Account**

(1) As of the first day of each calendar month commencing on or after the DROP Effective Date and continuing until (but not including) the Participant's DROP Retirement Date, the Participant's DROP Account shall be credited with the amount the Participant would

have received under Section 6.1 or 6.2(c) if the Participant had actually retired on the DROP Effective Date and elected to receive his or her Accrued Pension Benefit in the form of a straight life annuity. Notwithstanding the forgoing, in lieu of having the amount credited to his or her DROP Account determined under the monthly life annuity form of retirement income, the Participant may elect, as part of his or her DROP Election, to have the amount determined under any of the Actuarial Equivalent forms of benefit specified in Section 7.2(a) or (b).

(2) The initial annuity amount will be adjusted each May 1 (beginning May 1, 2005) for changes in the cost of living in accordance with the provisions of Section 6.11.

(3) In the case of a Participant whose DROP Effective Date was on or before October 31, 2012, as of the last day of each full calendar month that has elapsed since the DROP Effective Date and continuing until (but not including) the Participant's DROP Retirement Date, a Participant's DROP Account shall be credited with interest for such full calendar month at the rate of 3%, compounded annually. No interest shall be credited on or after the Participant's DROP Retirement Date or for any period less than a full calendar month. No interest shall be credited to the DROP Account of a Participant whose DROP Effective Date was after October 31, 2013.

(f) **Amount of Retirement Benefit**

Subject to the limitations contained in Section 6.8, an eligible Participant who is subject to a valid and binding DROP Election shall be entitled to receive a monthly retirement income, beginning with the first day of the month coincident with or next following his or her DROP Retirement Date equal to:

(1) His or her Accrued Pension Benefit, calculated as if the Participant had terminated employment with the City on the Participant's DROP Effective Date.

(2) Additional monthly retirement income that is the Actuarial Equivalent of the value of the Participant's DROP Account on the DROP Retirement Date.

(g) **Form of Retirement Benefit**

Following the DROP Retirement Date, the Participant's retirement benefit, as determined pursuant to Section 6.4(f), shall be payable in the form of

monthly payments for the remainder of the Participant's life, unless an optional form of payment has been elected pursuant to Section 7.2.

A Participant may elect to have his or her benefits following the DROP Retirement Date paid in the form of a joint and survivor annuity or guaranteed period certain under Section 7.2(a) or (b) in accordance with the procedures contained in Article 7. The election made by the Participant does not have to be the same as the election made with respect to the amount credited to his or her DROP Account under Section 6.4(e). A Participant may also elect to receive an amount equal to the value of his or her DROP Account (whether or not credited under the Plan or the City of Alexandria Firefighters And Police Officers Pension Restoration Plan) in the form of a single lump sum payment. Except to the limited extent provided in this Section 6.4(g) and Section 7.2(c), a Participant may not elect to receive any portion of his or her Accrued Pension Benefit in the form of a single lump payment.

Upon the Participant's Benefit Commencement Date, any election made by the Participant (including the designation of a Beneficiary under any option other than the guaranteed period option) shall be irrevocable.

The benefit payable to the Participant following his or her DROP Retirement Date shall be adjusted beginning May 1 of the year following the Participant's DROP Retirement Date for changes in the cost of living in accordance with the provisions of Section 6.11.

(h) **Amount of Benefit Accruals and Cessation of Employee Contributions**

Except as specifically provided in Section 6.4(i), a Participant who makes a DROP Election shall be treated as if he or she ceased to be a Covered Employee as of the DROP Election Date.

(1) The Participant shall not be required to make any Employee Retirement or Disability Contributions with respect to Compensation earned on or after the DROP Effective Date.

(2) Such Participant's Accrued Pension Benefit shall be determined based only on Years of Service and Years of Credited Service earned as of the DROP Effective Date and shall be determined under the provisions of this Plan in effect as of the DROP Effective Date.

(3) In determining Average Monthly Compensation under this Plan, only Compensation with respect to employment as a Covered

Employee prior to the DROP Effective Date shall be taken into account.

(4) The benefit accrued by the Participant subsequent to the DROP Effective Date shall consist solely of the amounts credited to the Participant's DROP Account under Section 6.4(e).

(i) **Disability Benefits**

On and after the DROP Effective Date, the Participant shall cease to be eligible for Disability Benefits on account of a Non-Service Connected Total and Permanent Disability or Non-Service Connected Partial Disability, but shall remain eligible for Disability Benefits on account of a Service Connected Total and Permanent Disability or Service Connected Partial Disability in accordance with the provisions of Article 5. A Participant in the DROP who becomes Disabled shall be deemed to have exited the DROP as of his or her Disability Retirement Date.

(j) **Death Benefits**

If a Participant who makes a DROP Election dies before the DROP Effective Date, the DROP Election shall be inoperative, and the death benefits, if any, payable on account of the Participant's death shall be determined in accordance with the provisions of Section 6.9.

If a Participant who makes a DROP Election dies after the DROP Effective Date but before his or her Benefit Commencement Date (following the DROP Retirement Date) the benefits payable upon the death of the Participant shall be determined in accordance with the provisions of Section 6.9(e).

If a Participant dies after his or her Benefit Commencement Date (following the DROP Retirement Date), the benefits, if any, to which the Participant's Beneficiary shall be entitled shall depend upon the form in which the Participant's benefits were payable at the time of his or her death, under the applicable form of benefit described in Section 7.2.

6.5 Other Termination of Employment

(a) A Participant who reaches a Termination Date prior to his or her Normal or Early Retirement Date for any reason other than Disability or death and after having become vested in his or her Accrued Pension shall be entitled to receive, commencing on the first day of the month coincident with or next following the Participant's Normal Retirement Date, a monthly benefit equal to his vested Accrued Pension Benefit, determined as of the date of such Termination Date (i.e., based upon the Participant's actual Years of

Credited Service and Average Monthly Compensation at his or her Termination Date).

(b) **Commencement of Termination Benefit**

Subject to the provisions of Section 6.5(d), benefits payable pursuant to this Section 6.5 shall commence on the first day of the month coincident with or next following the Participant's Normal Retirement Date.

(c) **Vested Percentage of the Accrued Pension Benefit**

(1) The vested percentage of a Participant's Accrued Pension Benefit shall be equal to the greater of:

(i) 100% of the Participant's Employee Contribution Retirement Benefit and his or her Minimum Retirement Benefit, if any; or

(ii) In the case of a Participant who commenced employment as a Covered Employee on or after the Effective Date, a percentage of the Participant's Accrued Pension Benefit, determined on the basis of the number of his or her Years of Service and in accordance with the following schedule:

Years of Service	**Percentage Vested**
Less than 5	0%
5 or more	100%

(iii) In the case of a Participant who commenced employment as a Covered Employee prior to the Effective Date (and who has been continuously employed as a Covered Employee from the Effective Date through his or her Termination Date), a percentage of the Participant's Accrued Pension Benefit, determined on the basis of the number of his or her Years of Service and in accordance with the following schedule:

Years of Service	Percentage Vested
Less than 1	0%
1 but less than 2	20%
2 but less than 3	40%
3 but less than 4	60%
4 but less than 5	80%
5 or more	100%

(2) Notwithstanding the preceding paragraph, a Participant's vested percentage in his or her Accrued Pension Benefit shall be 100% upon attainment of his or her Normal Retirement Date or Disability Retirement Date while a Covered Employee.

(d) **Cash Out of Employee Contributions and Minimum Retirement Benefit**

Notwithstanding the preceding provisions of this Section 6.5;

(1) A Participant who reaches a Termination Date before reaching his or her Early or Normal Retirement Date, but after having become vested in all or a portion of his or her Accrued Pension Benefit attributable to City contributions, may elect to receive a Cash-Out of an amount equal to the sum of his or her Employee Contribution Retirement Benefit and his or her Minimum Retirement Benefit, as provided in Section 7.2(c), in which case such Cash Out may be made at any time following the Termination Date, at the election of the Participant.

(2) A Participant who reaches a Termination Date before becoming vested in any portion of his or her Accrued Pension Benefit attributable to City contributions shall receive a Cash-Out of his or her Employee Contribution Retirement Benefit as provided in Section 7.2(c), which Cash Out shall be made as soon as administratively feasible following the Termination Date.

(3) If the present value of the total amount due a Participant with respect to Participant's vested Accrued Pension Benefit is $1,000 or less as of his or her Termination Date, distribution of the Participant's vested Accrued Pension Benefit shall be made in a single lump sum payment within a reasonable time following his or her Termination Date.

(4) A Participant who ceases to be a Covered Employee before reaching his or her Early or Normal Retirement Date may elect to

receive a Cash-Out of his or her Employee Contribution Retirement Benefit as provided in Section 7.2(c), which Cash-Out shall be made within a reasonable time following the date the Participant ceases to be a Covered Employee.

(5) A Cash-Out made pursuant to this Section 6.5(d) shall constitute full payment of all benefits due to such Participant under the Plan with respect to his or her Accrued Pension Benefit.

(6) To the extent the Participant is entitled to a Minimum Retirement Benefit, such Minimum Retirement Benefit shall continue to be payable to the Participant in accordance with the terms of the Plan. However, notwithstanding anything to the contrary, no portion of the Participant's Minimum Retirement Benefit shall be paid or commence prior to the earlier of the Participant's (1) Termination Date, or (2) Normal Retirement Date.

(7) In the event of a Cash-Out to a Participant pursuant to this Section 6.5(d), then, subject to restoration provided in Section 2.3(d), the portion of the Participant's Accrued Pension Benefit attributable to City contributions (other than any Minimum Retirement Benefit) shall be forfeited by the Participant.

6.6 Retirement Income Accounts

In addition to any benefit payable with respect to his or her Accrued Pension Benefit, a Participant with a Retirement Income Account under the Plan shall also be entitled to receive additional monthly retirement income, beginning with the first day of the month coincident with or next following the earlier of his or her Termination Date or Normal Retirement Date and continuing for the remainder of the Participant's life that is the Actuarial Equivalent of the value of his or her Retirement Income Account on the Participant's Benefit Commencement Date (with Actuarial Equivalence determined after taking into account the cost of living adjustment provided under Section 6.11 with respect to such annuity).

Notwithstanding the foregoing:

(i) if the value of a Participant's Retirement Income Account is $1,000 or less on his or her Termination Date, distribution of the Participant's Retirement Income Account shall be made in a single lump sum within a reasonable time following his or her Termination Date, and

(ii) a Participant who reaches a Termination Date on account of a Disability prior to his or her Normal Retirement Date may elect to receive a Cash-Out of any voluntary contributions made pursuant to Section 4.4 of the Prior Plan or any assets transferred or rolled over to the Plan pursuant to

Section 4.3 of the Prior Plan at any time following his or her Disability Retirement Date, but may not elect to receive any portion of his or her City Funded Retirement Account until his or her Normal Retirement Date.

A Participant who is actively employed as a Covered Employee on the Date of Adoption shall be 100% vested in his or her Retirement Income Account as of the Date of Adoption.

6.7 Form of Benefits

In addition to any benefit payable with respect to his or her Accrued Pension Benefit, a Participant with a Retirement Income Account under the Plan shall also be entitled to receive additional monthly retirement income, beginning with the first day of the month coincident with or next following the earlier of his or her Termination Date or Normal Retirement Date and continuing for the remainder of the Participant's life that is the Actuarial Equivalent of the value of his or her Retirement Income Account on the Participant's Benefit Commencement Date (with Actuarial Equivalence determined after taking into account the cost of living adjustment provided under Section 6.11 with respect to such annuity). Except as otherwise expressly provided herein, the benefits payable pursuant to Section 6.1 through 6.6 shall be payable in the form of a single life annuity beginning on the applicable date specified in Section 6.1 through 6.6, unless an optional form of payment has been elected pursuant to Section 7.2.

6.8 Maximum Limitation on Benefits

Notwithstanding any Plan provisions to the contrary, effective for Limitation Years beginning on or after January 1, 2008:

(a) **Maximum Benefit and Contributions**

To the extent necessary to prevent disqualification under Section 415 of the Internal Revenue Code, and subject to the remainder of this Section 6.8, the maximum monthly benefit to which any Participant may be entitled in any Limitation Year with respect to his or her Accrued Pension Benefit pursuant to Sections 6.1 through 6.5, as adjusted from time to time pursuant to Section 6.11 (hereafter referred to as the "maximum benefit") shall not exceed the defined benefit dollar limit (adjusted as provided in Section 6.8(b)), which limit shall be determined in accordance with the following:

(1) The Defined Benefit Dollar Limit shall be $13,333, as adjusted for the Limitation Year under Section 415(d) of the Internal Revenue Code.

(2) The Defined Benefit Dollar Limit as set forth above is the monthly amount payable in the form of a straight life annuity, beginning no earlier than age 62 (except as provided in Section 6.8(b)(2)(i)) and no later than age 65. In the case of a monthly amount payable in a form other than a straight life annuity, or beginning before age 62 or after age 65, the adjustments in Section 6.8(b) shall apply.

In addition to the foregoing, to the extent necessary to prevent disqualification under Section 415 of the Internal Revenue Code, and subject to the remainder of this Section 6.8, the maximum Annual Additions for any Limitation Year shall be equal to the lesser of:

(1) $40,000, as adjusted for the Limitation Year under Section 415(d) of the Internal Revenue Code; or

(2) 100% of the Participant's Remuneration.

The dollar limits in this Section shall be adjusted, effective January 1 of each year, under Section 415(d) of the Internal Revenue Code in such manner as the Secretary shall prescribe. A limit as adjusted under Section 415(d) shall apply to Limitation Years ending with or within the calendar year for which the adjustment applies but a Participant's benefits shall not reflect the adjusted limit prior to January 1 of that calendar year. To the extent that the monthly benefit payable to a Participant who has reached his or her Termination Date is limited by the application of this Section 6.8, such limit shall be adjusted to reflect any subsequent adjustments made in accordance with Section 415(d) of the Internal Revenue Code, but the adjusted limit shall apply only to benefits payable on or after January 1 of the calendar year for which the adjustment applies.

(b) **Actuarial Adjustments Relating to Defined Benefit Dollar Limit**

(1) **Adjustment for Benefit Payable in Form Other than Straight Life Annuity**

(i) If a monthly benefit is payable in a form other than a straight life annuity, before applying the defined benefit dollar limit, the benefit shall be adjusted, in the manner described in Section 6.8(b)(1)(ii) or (iii), to the actuarially equivalent straight life annuity that begins at the same time. No actuarial adjustment to the benefit shall be made for (a) survivor benefits payable to a surviving spouse under a qualified joint and survivor annuity (as defined for purposes of Section 415 of the Internal Revenue Code) to the extent such benefits would not be payable if the Participant's

benefit were paid in another form, (b) benefits that are not directly related to retirement benefits (such as a qualified disability benefit, preretirement incidental death benefits, and postretirement medical benefits), or (c) in the case of a form of benefit not subject to Section 417(e)(3) of the Internal Revenue Code, the inclusion of a feature under which a benefit increases automatically to the extent permitted to reflect cost of living adjustments and the increase, if any, in the defined benefit dollar limit under Section 415(d) of the Internal Revenue Code.

(ii) If the benefit of a Participant is paid in a form not subject to Section 417(e) of the Internal Revenue Code, the actuarially equivalent straight life annuity (without regard to cost-of-living adjustments described in this Section 6.8) is equal to the greater of (a) the annual amount of the straight life annuity (if any) payable to the Participant under the Plan commencing at the same time, or (b) the annual amount of the straight life annuity commencing at the same time that has the same actuarial present value as the Participant's form of benefit, computed using a 5% interest rate and the applicable mortality designated by the Secretary of the Treasury from time to time pursuant to Section 417(e)(3) of the Internal Revenue Code.

(iii) If the benefit of a Participant is paid in a form subject to Section 417(e) of the Internal Revenue Code, the actuarially equivalent straight life annuity is equal to the greatest of: (a) the annual amount of the straight life annuity commencing at the Benefit Commencement Date that has the same actuarial present value as the Participant's form of benefit, computed using the interest rate and mortality table (or other tabular factor) specified in Appendix A of the Plan for adjusting benefits in the same form, (b) the annual amount of the straight life annuity commencing at the time that has the same actuarial present value as the Participant's form of benefit, computed using a 5.5% interest rate assumption and the applicable mortality table designated by the Secretary of the Treasury from time to time pursuant to Section 417(e)(3) of the Internal Revenue Code, or (c) the annual amount of the straight life annuity commencing at the same time that has the same actuarial present value as the Participant's form of benefit, computed using the applicable interest rate and the applicable mortality table designated by the Secretary of the Treasury from time to time pursuant to

Section 417(e)(3) of the Internal Revenue Code, divided by 1.05.

(iv) For purposes of this Section 6.8(b)(1), whether a form of benefit is subject to Section 417(e) of the Internal Revenue Code is determined without regard to the status of the Plan as a governmental plan as described in Section 414(d) of the Internal Revenue Code.

(2) **Adjustment for Benefit Commencement before Age 62 or after Age 65**

(i) If the benefit of a Participant begins prior to age 62, the Defined Benefit Dollar Limit applicable to the Participant at such earlier age is an annual benefit payable in the form of a straight life annuity beginning at the earlier age that is the Actuarial Equivalent of the Defined Benefit Dollar Limit applicable to the Participant at age 62 (adjusted for participation of fewer than 10 years if applicable) computed using a 5% interest rate and the applicable mortality table designated by the Secretary of the Treasury from time to time pursuant to Section 417(e)(3) of the Internal Revenue Code. However, if the Plan provides an immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement, the Defined Benefit Dollar Limit is the lesser of: (1) the limitation determined under the immediately preceding sentence, or (2) the Defined Benefit Dollar Limit (adjusted for participation of fewer than 10 years if applicable) multiplied by the ratio of the annual amount of the immediately commencing straight life annuity under the Plan at the age of benefit commencement to the annual amount of the immediately commencing straight life annuity under the Plan at age 62, both determined without applying the limitations of this section. The adjustment in this Section 6.8(b)(2)(i) shall not apply to a Participant who has been credited with at least 15 Years of Creditable Service as a full-time Covered Employee. In addition, the adjustment in this Section 6.8(b)(2)(i) shall not apply as a result of benefits paid on account of Disability under Article 5 or as a result of the death of a Participant under Section 6.9.

(ii) If the benefit of a Participant begins after age 65, the Defined Benefit Dollar Limit applicable to the Participant at the later age is the annual benefit payable in the form of a straight life

annuity beginning at the later age that is actuarially equivalent to the Defined Benefit Dollar Limit applicable at age 65 (adjusted for participation of fewer than 10 years, if applicable) computed using a 5% interest rate assumption and the applicable mortality table designated by the Secretary of the Treasury from time to time pursuant to Section 417(e)(3) of the Internal Revenue Code. However, if the Plan provides an immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement, the Defined Benefit Dollar Limit is the lesser of (1) the limitation determined under the immediately preceding sentence, or (2) the Defined Benefit Dollar Limit (adjusted for participation of less than 10 years if applicable) multiplied by the ratio of the annual amount of the adjusted immediately commencing straight life annuity under the Plan at the age of benefit commencement to the annual amount of the adjusted, immediately commencing straight life annuity under the Plan at age 65, both determined without applying the limitations of this section. For this purpose, the adjusted immediately commencing straight life annuity under the Plan at the age of benefit commencement date is the annual amount of such annuity payable to the Participant, computed disregarding the Participant's accruals after age 65 but including any actuarial adjustments even if those actuarial adjustments are used to offset accruals; and the adjusted, immediately commencing straight life annuity under the Plan at age 65 is the annual amount of such annuity that would be payable under the Plan to a hypothetical participant who is age 65 and has the same accrued benefit as the Participant.

(iii) **Mortality Adjustments**. For purposes of this Section 6.8(b)(2), no adjustment shall be made to the Defined Benefit Dollar Limit to reflect the probability of a Participant's death between the Benefit Commencement Date and age 62, or between age 65 and the Benefit Commencement Date, as applicable, if benefits are not forfeited upon the death of the Participant prior to the Benefit Commencement Date. To the extent benefits are forfeited upon death before the Benefit Commencement Date, such an adjustment shall be made. For this purpose, no forfeiture shall be treated as occurring upon the Participant's death if the Plan does not charge Participants for providing a qualified preretirement survivor annuity (as defined for purposes of Section 415 of the Internal Revenue Code) upon the Participant's death.

(c) **Reducing Dollar Limit**

If the Participant has fewer than 10 years of participation in the defined benefit portion of the Plan (as determined under Section 415 of the Internal Revenue Code and the regulations thereunder), the Defined Benefit Dollar Limit shall be multiplied by a fraction, the numerator of which is the number of years (or part thereof) of participation in the Plan and the denominator of which is 10. For this purpose, a Participant who makes a valid DROP Election shall continue to accrue years of participation until his or her DROP Retirement Date. The adjustment in this Section 6.8(c) shall not apply to benefits paid on account of Disability under Article 5 or as a result of the death of a Participant under Section 6.9.

In the case of Years of Credited Service credited to a Participant pursuant to Section 3.4:

(1) The limitation contained in Section 6.8(a)(1) and this Section 6.8(c) shall not apply to the portion of the Participant's Accrued Pension Benefit (determined as of his or her Benefit Commencement Date that is attributable to any additional Years of Credited Service under Section 3.4 that are actuarially funded by the Participant's Retirement Income Account.

(2) The limitation contained in Section 6.8(a)(1) and this Section 6.8(c) shall apply to the portion of the Participant's Accrued Pension Benefit (determined as of his or her Benefit Commencement Date) that is attributable to any additional Years of Credited Service under Section 3.4 that are not actuarially funded by the Participant's Retirement Income Account.

(3) The determination of the extent to which additional Years of Credited Service under Section 3.4 are actuarially funded by the Participant's Retirement Income Account as of his or her Benefit Commencement Date shall be made by the Actuary under the rules of Section 411(c) of the Internal Revenue Code (using the actuarial assumptions thereunder), applied as if the Plan were subject to such Section 411(c) and treating the amount transferred from the Participant's Retirement Income Account as if it were a mandatory employee contribution.

In the case of Years of Credited Service credited to a Participant pursuant to Section 3.5:

(1) The limitation contained in Section 6.8(a)(1) and this Section 6.8(c) shall not apply to the portion of the Participant's Accrued Pension

Benefit (determined as of his or her Benefit Commencement Date) that is attributable to any additional Years of Credited Service under Section 3.5 that are actuarially funded by (i) the Participant's Retirement Income Account, (ii) a transfer or rollover from the Participant's account under an eligible deferred compensation plan (within the meaning of Section 457(b) of the Internal Revenue Code) or from an individual retirement account, or (iii) a direct lump sum payment to the Plan.

(2) The limitation contained in Section 6.8(a)(1) and this Section 6.8(c) shall apply to the portion of the Participant's Accrued Pension Benefit (determined as of his or her Benefit Commencement Date) that is attributable to any additional Years of Credited Service under Section 3.5 that are not actuarially funded by (i) the Participant's Retirement Income Account, (ii) a transfer or rollover from the Participant's account under an eligible deferred compensation plan (within the meaning of Section 457(b) of the Internal Revenue Code) or from an individual retirement account, or (iii) a direct lump sum payment to the Plan.

(3) The determination of the extent to which additional Years of Credited Service under Section 3.5 are actuarially funded by the Participant's Retirement Income Account as of his or her Benefit Commencement Date shall be made by the Actuary under the rules of Section 411(c) of the Internal Revenue Code (using the actuarial assumptions thereunder), applied as if the Plan were subject to such Section 411(c) and treating the amount transferred from the Participant's Retirement Income Account, the Participant's account under an eligible deferred compensation plan (within the meaning of Section 457(b) of the Internal Revenue Code), or an individual retirement account, or the amount of the direct lump sum payment to the Plan, as if it were a mandatory employee contribution.

(d) **Other Reductions in Maximum Benefit and Contributions**

In addition to the foregoing, the maximum benefit and contributions shall be reduced, and the rate of benefit accrual shall be frozen or reduced accordingly, to the extent necessary to prevent disqualification of the Plan under Section 415 of the Internal Revenue Code, with respect to any Participant who is also a participant in:

(1) any other tax qualified retirement plan maintained by the City, including a defined benefit plan in which an individual medical benefit account (as described in Section 415(l) of the Internal Revenue Code) has been established for the Participant;

(2) any welfare plan maintained by the City in which a separate account (as described in Section 419A(d) of the Internal Revenue Code) has been established to provide post-retirement medical benefits for the Participant; and/or

(3) any retirement or welfare plan, as aforesaid, maintained by an affiliated or predecessor employer, as described in regulations under Section 415 of the Internal Revenue Code, or otherwise required to be taken into account under such regulations.

(e) **Multiple Benefit Commencement Dates**

If a Participant has distributions commencing at more than one Benefit Commencement Date (determined in accordance with Section 415 of the Internal Revenue Code and the regulations thereunder), the benefits payable as of each such Benefit Commencement Date shall satisfy the limitations of this Section 6.8 as of each such date, actuarially adjusting for past and future distributions of benefits commencing at the other Benefit Commencement Dates.

(f) **Grandfathered Benefits**

The application of the provisions of this section shall not cause the maximum permissible benefit for any Participant to be less than the Participant's Accrued Benefit under this Plan as of the end of the last Limitation Year beginning before July 1, 2007 under provisions of this Plan that were both adopted and in effect before April 5, 2007 and that satisfied the limitations under Section 415 of the Internal Revenue Code as in effect as of the end of the last Limitation Year beginning before July 1, 2007.

(g) **Incorporation of Section 415 Limits**

To the extent a Participant's benefit is subject to provisions of Section 415 of the Internal Revenue Code which have not been set forth in the Plan, such provisions are hereby incorporated by reference into this Plan and for all purposes shall be deemed a part of the Plan.

6.9 Death Benefits

The only benefits payable under the Plan in the event of the death of a Participant shall be as follows:

(a) **General Benefit**

In the event of the death of a Participant prior to the earlier of his or her Disability Retirement Date, Benefit Commencement Date or DROP

Effective Date, the Participant's Beneficiary shall be entitled to receive, as a single lump sum:

(1) an amount equal to the Participant's Employee Contribution Retirement Benefit;

(2) an amount equal to the Participant's Minimum Retirement Benefit, if any; and

(3) an amount equal to the Participant's Retirement Income Account, if any.

(b) **Surviving Spouse Annuity Benefit**

(1) If all of the following conditions are met, then the surviving spouse of a deceased Participant shall be entitled to receive a survivor annuity with respect to the Participant's Accrued Pension Benefit, in lieu of the benefit described in Section 6.9(a)(1) and (2) above:

(i) the Participant is married on the date of death;

(ii) the Participant was continuously married to the surviving spouse for a period of at least one year prior to the date of death, or the Participant's death was attributable to an accidental injury and the Participant was married to the surviving spouse on the date of such accidental injury;

(iii) the Participant's death occurs (A) before his or her Termination Date or DROP Effective Date, or (B) after his or her Early or Normal Retirement Date and before his or her Benefit Commencement Date; and

(iv) the spouse does not elect to receive the lump sum benefit provided in subsection (a)(1), and, if applicable, (a)(2) above.

(3) For purposes of this subsection (b), a survivor annuity is a monthly income commencing in the month next following the Participant's death, and continuing for the remainder of the spouse's life, in an amount equal to the benefit the spouse would have received under an immediate joint and survivor annuity pursuant to Section 7.2(a) (with a 50% spousal survivor benefit) had the Participant retired on the day before death, but computed without actuarial reduction for early retirement or early commencement.

(c) **Benefits Payable After Benefit Commencement Date**

If a Participant dies after his or her Benefit Commencement Date, the benefits, if any, to which the Participant's Beneficiary shall be entitled shall depend upon the form in which the Participant's benefits were payable at the time of his or her death, under the applicable form of benefit described in Section 7.2.

(d) **Death While on Authorized Leave of Absence or Military Service**

The Beneficiary of a Participant who dies while a Covered Employee and on an Authorized Leave of Absence for reasons other than military service shall be entitled to receive death benefits pursuant to this Section 6.9. A Participant who dies on or after January 1, 2007 while on Authorized Leave of Absence for qualified military service as defined in Section 414(u)(5) of the Internal Revenue Code shall be treated as having died while actively employed as a Covered Employee.

(e) **Death of DROP Participant**

If a Participant dies on or after his or her DROP Effective Date, but prior to his or her Benefit Commencement Date (following the DROP Retirement Date), the death benefits payable on account of the death of the Participant shall be determined solely in accordance with the provisions of this Section 6.9(e) (i.e., this Section 6.9(e) provides the only death benefit payable to a Participant in the DROP).

(1) If the amount being credited to the Participant's DROP Account was based on a straight life annuity, then the Participant's Beneficiary shall be entitled to receive as a single lump sum:

(i) the amount of the Participant's DROP Account; and

(ii) an amount equal to the Participant's Retirement Income Account, if any.

(2) If the Participant elected to have the amount credited to his or her DROP Account determined in one of the optional forms permitted under Section 7.2(a) or (b), then:

(i) The Participant shall be deemed to have reached his Termination Date on the day prior to the date of death and to have commenced payment of his or her Accrued Pension Benefit according to the form that deferred benefit payments were being credited to the Participant's DROP Account under Section 6.4(e)(1). The benefits, if any, to which the

Participant's Beneficiary shall be entitled with respect to the Participant's Accrued Pension Benefit shall depend upon the form in which the Participant's Accrued Pension Benefits were being credited to the Participant's DROP Account under Section 6.4(e)(1).

(ii) In addition to the amount payable under Section 6.9(e)(2)(i) above, the Participant's Beneficiary shall be entitled to receive as a single lump sum:

a. the amount of the Participant's DROP Account; and

b. an amount equal to the Participant's Retirement Income Account, if any.

(f) **Death of a Participant Receiving Disability Benefits**

The extent to which death benefits are payable with respect to a Participant who dies while receiving Disability Benefits shall be determined by the provisions of this Section 6.9(f).

(1) If the Participant dies prior to his or her Normal Retirement Date, the following provisions shall apply:

(i) If the Participant has not elected the contingent annuitant option in accordance with Section 5.15, then:

a. All Disability Benefits shall cease on the date of the Participant's death; and

b. The Participants shall be deemed to have died prior to his or her Termination Date for purposes of Section 6.9(a) and (b).

(ii) If the Participant has elected the contingent annuitant option in accordance with Section 5.15, then the Disability Benefit (as modified in accordance with Section 5.13) shall be payable to the contingent annuitant.

(2) If the Participant dies on or after his or her Normal Retirement Date, the following provisions shall apply:

(i) If the Participant has not elected the contingent annuitant option in accordance with Section 5.15, then all Disability Benefits shall cease on the date of the Participant's death.

(ii) If the Participant has elected the contingent annuitant option in accordance with Section 5.15, then the Disability Benefit (as modified in accordance with Section 5.13) shall be payable to the contingent annuitant.

(iii) The extent to which any benefits are payable following the Participant's death with respect to his or her Accrued Pension Benefit shall depend upon the form in which the Participant's benefits were payable at the time of his or her death, under the applicable form of benefit described in Section 7.2.

(3) If a Participant who elected to use his or her City Funded Retirement Income Account to purchase retirement income pursuant to Section 5.18 dies before his or her Normal Retirement Date, the following provisions shall apply:

(i) The amount of retirement income purchased with the Participant's City Funded Retirement Income Account shall not be considered part of the Participant's Accrued Pension Benefit for purposes of determining any benefit payable following the Participant's death; and

(ii) The Participant's Beneficiary shall be entitled to receive, as a single lump sum, an amount equal to the Participant's City Funded Retirement Income Account as of the date of the Participant's election under Section 5.18, together with earnings on such amount computed based on the interest rate used for determining Actuarial Equivalence under Appendix A (as in effect on the date of election under Section 5.18(a)(2) or (b)(2)) from the date of election to the date of the Participant's death.

(g) **Death of Terminated Vested Participant**

If a Participant reaches a Termination Date prior to his Early or Normal Retirement Date for any reason other than Disability and dies before his or her Benefit Commencement Date, then the Participant's designated Beneficiary shall be entitled to receive a single lump sum in an amount equal to:

(1) the Employee Contribution Retirement Benefit (to the extent such amounts were not previously withdrawn);

(2) the Minimum Retirement Benefit, if any; and

(3) the balance of any Retirement Income Account.

6.10 Limitations on Death Benefits

Notwithstanding any other provision in the Plan to the contrary, all death benefits paid pursuant to Section 6.9 shall be distributed only in accordance with Section 401(a)(9) of the Internal Revenue Code (and accompanying Treasury Regulations), as more fully set forth in Section 7.4.

6.11 Cost of Living Adjustments

(a) Subject to the provisions of Section 6.11(b) and Section 6.8, and the limitations of Section 5.16, (i) any amount payable as an annuity under Sections 6.1, 6.2, 6.3, 6.4, 6.5, 6.6 or 6.9(b) or (f) or any benefit payable (including a benefit payable under any of the optional forms permitted under Section 7.2(a) or (b)) with respect to a Participant's Accrued Pension Benefit, or (ii) any Disability Benefit payable under Section 5.7, 5.8, 5.9, 5.10 or 5.13 shall be increased or decreased as of May 1 of each year by multiplying the benefit, as determined immediately prior to the adjustment (including any prior cost-of-living adjustments made pursuant to this Section 6.11), by a fraction,

(1) whose numerator is the CPI for the month of January of the current fiscal year; and

(2) whose denominator is the CPI for the month of January of the preceding fiscal year

The resulting adjustment may increase or decrease the benefit payable to a Participant or Beneficiary.

(b) Notwithstanding anything herein to the contrary,

(1) This Section 6.11 shall be effective as of May 1, 2005. No cost-of-living adjustment shall be made with respect to any benefits paid prior to May 1, 2005.

(2) The first adjustment made under Section 6.11(a) shall be the May 1 occurring on or after the first anniversary of the date on which the benefit commenced.

(3) The amount of the cost-of-living adjustment for any year shall in no event exceed three percent (3%).

(4) Once the two hundred percent (200%) limit has been reached, no further cost-of-living adjustments (positive or negative) shall be

made with respect to the Base Pension Benefit or Base Disability Benefit, as the case may be.

(5) In no event shall a reduction in the amount of the benefit payable to a Participant (or a surviving spouse or other Beneficiary) as a result of this Section 6.11 cause the benefit to be less than the Participant's Base Pension Benefit or Base Disability Benefit, as the case may be.

(6) The following special rules shall apply in determining the cost of living adjustments with respect to a Participant who commenced Disability Benefits prior to his or her Normal Retirement Date and who continues to receive a Disability Benefit following his or her Normal Retirement Date:

(i) Separate cost of living adjustment shall be made with respect to the payment of the Participant's Disability Benefit and Accrued Pension Benefit following the Participant's Normal Retirement Date (subject to all of the limitations and provisions of Section 5.16 and this Section 6.11).

(ii) Following the Participant's Normal Retirement Date, the next adjustment made under Section 6.11(a) to the Participant's Disability Benefit and Accrued Pension Benefit shall be May 1 occurring on or after the first anniversary of the Participant's Normal Retirement Date. Such adjustment shall be based on changes in the cost of living that occurred during the calendar year preceding the May 1 date of such adjustment.

(iii) In the case of an adjustment to a Disability Benefit payable after the Participant's Normal Retirement Date, the cost of living adjustment and the application of the three percent (3%) limitation shall be applied as if the Disability Benefit payable immediately after the Participant's Normal Retirement Date (i.e., the Disability Benefit after the offset under Section 5.13) had been in effect on January 1 of the preceding fiscal year (so that the cost of living adjustment is calculated with respect to the recalculated Disability Benefit and not the Disability Benefit payable prior to the Participant's Normal Retirement Date).

(iv) The combined Disability Benefits payable under Article 5 and the retirement benefits payable under Article 6 relating to the Participant's Accrued Pension Benefit after the application of this Section 6.11 shall never exceed:

a. Two hundred percent (200%) of the Base Disability Benefit, less

b. The amount of the benefit provided by the Participant's City Funded Retirement Income Account (determined as of the Participant's Normal Retirement Date and expressed in the same form of payment as the Disability Benefit using the Actuarial Assumptions in effect on such date).

(7) For purposes of determining the cost of living adjustments with respect to a Participant who first begins receiving a Disability Benefit (as calculated under Section 5.13(d)) following his or her Normal Retirement Date, the following special rules shall apply:

(i) Separate cost of living adjustment shall be made with respect to the payment of the Participant's Disability Benefit and Accrued Pension Benefit following the Participant's Disability Retirement Date (subject to all of the limitations and provisions of Section 5.16 and this Section 6.11).

(ii) Following the Participant's Disability Retirement Date, the first adjustment made under Section 6.11(a) to the Participant's Disability Benefit and Accrued Pension Benefit shall be May 1 occurring on or after the first anniversary of the Participant's Disability Retirement Date. Such adjustment shall be based on changes in the cost of living that occurred during the calendar year preceding the May 1 date of such adjustment.

(iii) In the case of an adjustment to a Disability Benefit payable after the Participant's Disability Retirement Date, the cost of living adjustment and the application of the three percent (3%) limitation shall be applied separately to the Disability Benefit payable immediately upon the Participant's Disability Retirement Date (i.e., the Disability Benefit calculated under Section 5.13(d)) and the Participant's Accrued Pension Benefit.

(iv) The aggregate cost of living adjustments made pursuant to this Section 6.11 with respect to the Disability Benefit payable under Article 5 shall not cause the Disability Benefit to exceed two hundred percent (200%) of the Base Disability Benefit.

(v) The aggregate cost of living adjustments made pursuant to this Section 6.11 with respect to the retirement benefits payable under Article 6 relating to the Participant's Accrued Pension Benefit shall not cause the Participant's Accrued Pension Benefit to exceed two hundred percent (200%) of the Base Pension Benefit.

(8) The following special rules shall apply in determining the cost of living adjustments with respect to any benefit payable to a contingent annuitant pursuant to Section 5.15 following the death of the Participant:

(i) For all purposes of this Section 6.11, benefits payable to a contingent annuitant following the death of the Participant shall be deemed to have commenced on the date on which the benefit commenced to the Participant.

(ii) The first adjustment to the benefit payable to the contingent annuitant shall be determined as if the amount payable to the contingent annuitant had commenced immediately prior to January 1 of the preceding fiscal year (so that the cost of living adjustment is calculated with respect to the amount payable to the contingent annuitant and not to the Disability Benefit payable to the Participant immediately prior to death).

(iii) For purposes of determining whether the two hundred percent (200%) limit applies, the Base Disability Benefit shall be determined as if the Participant had died on the day following his or her Disability Retirement Date and benefits had immediately commenced to such contingent annuitant on such date. To the extent that the Participant dies on or after his or her Normal Retirement Date, the aggregate limitation contained in Section 6.11(b)(6)(iv) shall be applied in a manner consistent with the provisions of this subsection.

(9) The following special rules shall apply in determining the cost of living adjustments with respect to any benefit payable to a surviving spouse or other Beneficiary following the death of the Participant:

(i) For all purposes of this Section 6.11, benefits payable to a surviving spouse or other beneficiary following the death of the Participant shall be deemed to have commenced on the date on which the benefit commenced to the Participant.

(ii) The first adjustment to a joint and survivor annuity payable to a surviving spouse or other beneficiary shall be determined as if the survivor annuity had commenced immediately prior to January 1 of the preceding fiscal year (so that the cost of living adjustment is calculated with respect to the survivor annuity and not the benefit payable to the Participant immediately prior to death).

(iii) For purposes of determining whether the two hundred percent (200%) limit applies, the Base Pension Benefit shall be determined as if the Participant had died on the day following his or her Benefit Commencement Date and benefits had immediately commenced to such surviving spouse or other beneficiary on such date.

(10) Notwithstanding anything herein to the contrary, this Section 6.11 shall not apply to any benefit paid with respect to a Participant's Retirement Income Account. For this purpose, no portion of the Participant's Accrued Pension Benefit that is attributable to the purchase of Credited Service under Section 3.4 shall be deemed attributable to the Participant's Retirement Income Account.

ARTICLE 7

PAYMENT OF BENEFITS

7.1 Method of Payment

(a) All benefit distributions shall be in cash (or in individual annuity contracts as provided herein).

(b) The Administrator shall determine, in its discretion, whether the distribution shall be funded through periodic payments made directly from the Trust, or through the purchase of individual annuity contracts, or whether a combination of such methods of distribution shall be used, and the Administrator shall give such directions and information as may be necessary to carry out the decision of the Administrator.

(c) If the Administrator shall determine that the whole or any part of the distribution is to be funded through purchase of an individual annuity contract for a Participant, the Administrator shall select such form of contract (including a variable annuity) to be so purchased and shall direct the payment of the premium of such contract to the issuing company.

(d) The Administrator shall direct that all right, title, and interest in such contract shall remain part of the Fund under the terms of the Plan and the Participant shall have no right, title, or interest therein except to receive the payments therefrom as provided therein, and, to the extent that such contract is used to fund a guaranteed period option under Section 7.2(b), to change the Beneficiary from time to time.

7.2 Optional Forms of Retirement Benefits

A Participant, subject to the conditions hereinafter set forth, may elect to receive, in lieu of the monthly life annuity form of retirement income described in Section 6.1, 6.2, 6.3, 6.4, 6.5 or 6.6, a benefit, which is its Actuarial Equivalent, payable in any of the forms specified in this Section 7.2. A Participant who has both an Accrued Pension Benefit and a Retirement Income Account may make separate elections with respect to the benefits payable with respect to his or her Accrued Pension Benefit and Retirement Income Account.

(a) **Joint and Survivor Option**

(1) The joint and survivor option is a monthly income payable during the Participant's lifetime and continuing after his or her death at either a 50%, 66 2/3%, or 100% (as elected by the Participant) rate to the Participant's Beneficiary (as determined as of the

Participant's Benefit Commencement Date) and continuing for the remainder of such Beneficiary's life.

(2) The only permitted Beneficiary under the joint and survivor option is the spouse of the Participant or the Participant's natural or legally adopted children or stepchildren (by marriage) all as determined as of the Benefit Commencement Date.

(3) If the Beneficiary dies before the Participant's Benefit Commencement Date, the Participant's election shall thereupon become void.

(4) If the Beneficiary dies after the Participant's Benefit Commencement Date (but before the Participant dies), the election shall remain effective and the Participant shall continue to receive the reduced retirement income payable to the Participant in accordance with the option.

(b) **Guaranteed Period Option**

(1) The guaranteed period option is a monthly income payable during the Participant's lifetime and guaranteed to continue to the Participant or his designated Beneficiary for a period certain of 5, 10, 15 or 20 years after the commencement of benefit payments to the Participant, regardless of whether the Participant survives such period certain. The period certain shall be elected by the Participant prior to his or her Benefit Commencement Date.

(2) If the Participant's Beneficiary dies before the Participant, the Participant shall have the right to designate another Beneficiary. If the Participant's Beneficiary dies after the Participant and after benefits have commenced, benefits for the remainder of the period certain will be continued to the estate of the Beneficiary, unless the Participant shall have designated another Beneficiary to receive such benefits.

(c) **Lump Sum Option**

(1) A Participant may elect to receive the value of his or her Retirement Income Account plus an amount equal to the value of his or her DROP Account (whether or not such DROP Account is credited under the Plan or the City of Alexandria Firefighters and Police Officers Pension Restoration Plan) in the form of a single lump sum payment. Except to the limited extent provided in Section 6.4(g) and this Section 7.2(c), a Participant may not elect to receive any

portion of his or her Accrued Pension Benefit in the form of a single lump sum payment.

(2) A Participant (other than a Participant receiving Disability Benefits under Article 5) may elect at any time after his or her Termination Date and before the earlier of his or her Normal Retirement Date, DROP Effective Date or Benefit Commencement Date to receive a lump sum cash payment in an amount equal to the sum of the Participant's Employee Contribution Retirement Benefit and Minimum Retirement Benefit (if any) in lieu of all other benefits with respect to the Participant's Accrued Pension Benefit under the Plan and, upon payment of that lump sum cash payment, the entire remaining portion of his or her Accrued Pension Benefit shall be forfeited by the Participant. In the event the Participant is subsequently re-employed as a Covered Employee, any amount forfeited shall be subject to restoration to the extent provided in Section 2.3(d).

(3) A Participant (other than Participant receiving Disability Benefits under Article 5) who has not reached a Termination Date but who ceases to be a Covered Employee before reaching his or her Early or Normal Retirement Date may elect at any time after ceasing participation in the Plan and before the earlier of his or her Normal Retirement Date or Benefit Commencement Date to receive a lump sum cash payment in an amount equal to the Participant's Employee Contribution Retirement Benefit in lieu of all other benefits with respect to the Participant's Accrued Pension Benefit under the Plan (other than any Minimum Retirement Benefit), and, upon payment of that lump sum cash payment, the entire remaining portion of his or her Accrued Pension Benefit (other than any Minimum Retirement Benefit) shall be forfeited by the Participant. In the event the Participant is subsequently re-employed as a Covered Employee, any amount forfeited shall be subject to restoration to the extent provided in Section 2.3(d).

To the extent the Participant is entitled to a Minimum Retirement Benefit, such Minimum Retirement Benefit shall continue to be payable to the Participant in accordance with the Terms of the Plan. However, notwithstanding anything to the contrary, no portion of the Participant's Minimum Retirement Benefit shall be paid or commence prior to the earlier of the Participant's (1) Termination Date or (2) Normal Retirement Date.

(d) **Partial Lump Sum Option Program (PLOP)**

A Participant who (i) retires at least one year after his or her Normal Retirement Age, or retires with at least 26 Years of Credited Service, (ii) has not elected the DROP under Section 6.4, and (iii) is not receiving Disability Benefits under Article 5, may elect to receive part of his or her Accrued Pension Benefit in the form of a lump sum and the remainder of his Accrued Pension Benefit in any of the optional forms available under Section 7.2(a) or (b). The monthly amount of the Accrued Pension Benefit otherwise payable to such Participant making a PLOP election shall be reduced on an actuarially equivalent basis (as determined based on the actuarial equivalency factors for non-Disabled Participants in Appendix A) to reflect the payment of such partial lump sum distribution. Any optional payment of the Accrued Pension Benefit, pursuant to Section 7.2(a) or (b), shall also be based upon such reduced Accrued Pension Benefit.

An eligible Participant may elect to have up to three years' worth of his or her reduced Accrued Pension Benefit payable in a lump sum, depending upon the number of the Participant's Years of Credited Service at retirement. The lump sum distribution payable to an eligible Participant who elects the PLOP shall be equal to twelve times the monthly amount of the Participant's reduced Accrued Pension Benefit for each year that the Participant elects to include in the calculation of the partial lump sum. The Accrued Pension Benefit used to determine the partial lump sum (and the payment of the Participant's remaining Accrued Pension Benefit), shall be determined based on the optional form of benefit under Section 7.2(a) or (b) that is selected by the Participant.

A Participant who is eligible for the PLOP under this Section 7.2(d) may elect to include at least one, and up to three, years' worth of reduced Accrued Pension Benefit in the calculation of the partial lump sum as follows:

Retirement Date/ Service at Retirement	Number of Years that a Participant May Elect to Include in PLOP
At least 1 year past Normal Retirement Date or 26 years of Credited Service	1
At least 2 years past Normal Retirement Date or 27 years of Credited Service	2

At least 3 years past Normal Retirement Date or 28 or more years of Credited Service	3

The partial lump sum distribution, if elected by an eligible Participant, shall be paid at the same time that the first monthly annuity payment is paid to such Participant.

Before an eligible Participant may make an election to receive a partial lump sum distribution, such Participant shall be provided with a calculation showing the amount by which the Participant's monthly retirement benefit will be reduced under each of the available partial lump sum options.

The PLOP election is a one-time only election. Once made, the PLOP election is irrevocable. Only one partial lump sum payment may be made pursuant to a PLOP election (even if the PLOP election made by an eligible Participant is for less than the maximum permitted partial lump sum).

If a Participant who makes a PLOP Election dies before his or her Benefit Commencement Date, the PLOP Election shall be inoperative, and the death benefits, if any, payable on account of the Participant's death shall be determined in accordance with the provisions of Section 6.9.

If a Participant who makes a PLOP Election dies after his or her Benefit Commencement Date, the benefits, if any, to which the Participant's Beneficiary shall be entitled shall depend upon the form in which the Participant's remaining Accrued Pension Benefit was payable at the time of his or her death, under the applicable form of benefit described in Section 7.2 (i.e., after taking into account the partial lump sum payment).

Notwithstanding anything to the contrary, the PLOP may be eliminated for future retirees at any time prior to June 30, 2022. If the PLOP is eliminated, it will not affect any Participant who previously elected the PLOP in accordance with the terms of this Section 7.2(d).

7.3 General Provisions Applicable to Options

(a) Election Procedures

An election of a contingent annuitant option under Section 5.15 or any optional form of benefit described in Section 7.2 shall be made by a Participant in writing, on a form supplied by the Administrator.

Any election under Section 5.15 must be made prior to the Participant's Disability Retirement Date. Except as expressly provided in Section 5.15,

upon the Participant's Disability Retirement Date, the election of the contingent annuitant option under Section 5.15 (including the designation of a contingent annuitant) shall be irrevocable.

Upon the Participant's Benefit Commencement Date, any election under Section 7.2 (including the designation of a Beneficiary under any option other than the guaranteed period option) shall be irrevocable.

(b) **Effect of Death**

In the event of the death of a Participant prior to his or her Benefit Commencement Date, no benefits shall be payable to the Participant's spouse or other Beneficiary except as provided in Section 6.9, regardless of whether or not the Participant has elected an optional form of benefit pursuant to Section 7.2.

7.4 Minimum Distribution Requirements

The provisions of this Section apply for purposes of determining minimum required distributions under Section 401(a)(9) of the Internal Revenue Code and take precedence over any inconsistent provisions of the Plan, provided, however, that these provisions are intended solely to reflect the requirements of Section 401(a)(9) of the Internal Revenue Code (and accompanying Treasury Regulations) and are not intended to provide or expand (and shall not be construed as providing or expanding) any benefit or distribution option not otherwise expressly provided for under the terms of the Plan. The provisions of this Section shall apply only to the extent required under Section 401(a)(9) of the Internal Revenue Code as applied to a governmental plan and if any special rules for governmental plans are not set forth herein, such special rules are hereby incorporated by reference and shall for all purposes be deemed a part of the Plan.

(a) **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, as defined below.

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

(i) If the Participant's surviving spouse is the sole designated Beneficiary, then subject to Section 7.4(a)(2)(v) 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 70½, if later.

(ii) If the Participant's surviving spouse is not the sole designated Beneficiary, then subject to Section 7.4(a)(2)(v) 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.

(iii) 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.

(iv) If the Participant's surviving spouse is the sole designated Beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this Section 7.4(a)(2) other than Section 7.4(a)(2)(i) will apply as if the surviving spouse were the Participant.

(v) If the Participant dies before distributions begin and there is a designated Beneficiary, distribution to the designated Beneficiary is not required to begin by the date specified in Sections 7.4(a)(2)(i) or (ii) above, but only if the designated Beneficiary elects to have the Participant's entire interest distributed to the designated Beneficiary by December 31 of the calendar year containing the fifth anniversary of the Participant's death. Such an election by the designated Beneficiary must be made no later than the earlier of September 30 of the calendar year in which the distribution would otherwise be required to begin under Section 7.4(a)(2)(i) or (ii), or September 30 of the calendar year that contains the fifth anniversary of the Participant's death.

For purposes of this Section 7.4(a)(2) and Section 7.4(d), distributions are considered to begin on the Participant's Required Beginning Date (or, if Section 7.4(a)(2)(iv) applies, the date distributions to the surviving spouse are required to begin under Section 7.4(a)(2)(i)). If annuity payments to the Participant irrevocably commence before the Participant's Required Beginning Date (or to the Participant's surviving spouse before the date distributions to the surviving spouse are required to begin under

Section 7.4(a)(2)(i)), the date distributions are considered to begin is the date distributions actually commence.

(3) **Form of Distribution**. Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or 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 Sections 7.4(b), (c) and (d). If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Section 401(a)(9) of the Code and applicable Treasury regulations. Any part of the Participant's interest which is in the form of an individual account described in Section 414(k) of the Code will be distributed in a manner satisfying the requirements of Section 401(a)(9) of the Code and the Treasury regulations that apply to individual accounts.

(b) **Determination of Amount to Be Distributed Each Year**.

(1) **General Annuity Requirements**. If the Participant's interest is paid in the form of annuity distributions under the Plan, payments under the annuity shall satisfy the following requirements:

(i) The annuity distributions will be paid in periodic payments made at intervals not longer than one year;

(ii) The distribution period will be over a life (or lives) or over a period certain not longer than the period described in Sections 7.4(c) and (d);

(iii) Once payments have begun over a period certain, the period certain will not be changed even if the period certain is shorter than the maximum permitted;

(iv) Payments will either be non-increasing or increase only as follows:

a. by an annual percentage increase that does not exceed the annual percentage increase in a cost-of-living index based on prices of all items and issued by the Bureau of Labor Statistics;

b. to the extent of the reduction in the amount of the Participant's payments to provide for a survivor benefit upon death, but only if the Beneficiary whose

life was being used to determine the distribution period described in Section 7.4(c) dies or is no longer the Participant's Beneficiary under a qualified domestic relations order within the meaning of Section 414(p) of the Code;

c. to provide cash refunds of employee contributions upon the Participant's death;

d. pay increased benefits that result from a Plan amendment.

(2) **Amount Required to Be Distributed by Required Beginning Date**. The amount that must be distributed on or before the Participant's Required Beginning Date (or, if the Participant dies before distributions begin, the date distributions are required to begin under Section 7.4(a)(2)(i) or (ii)) is the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received, e.g., bi-monthly, monthly, semi-annually, or annually. All of the Participant's benefit accruals as of the last day of the first distribution calendar year will be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the Participant's Required Beginning Date.

(3) **Additional Accruals after First Distribution Calendar Year**. Any additional benefits accruing to the Participant in a calendar year after the first distribution calendar year will be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

(c) **Requirements for Annuity Distributions Commencing During Participant's Lifetime.**

(1) **Joint Life Annuities Where Beneficiary Is Not the Participant's Spouse**. If the Participant's interest is being distributed in the form of a joint and survivor annuity for the joint lives of the Participant and a non-spouse Beneficiary, annuity payments to be made on or after the Participant's Required Beginning Date to the designated Beneficiary after the Participant's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the Participant using the table in Q&A-2 of Treas. Reg. §1.401(a)(9)-6. If the form of

distribution combines a joint and survivor annuity for the joint lives of the Participant and a non-spouse Beneficiary and a period certain annuity, the requirement in the preceding sentence will apply to annuity payments to be made to the designated Beneficiary after the expiration of the period certain.

(2) **Period Certain Annuities**. Unless the Participant's spouse is the sole designated Beneficiary and the form of distribution is a period certain and no life annuity, the period certain for an annuity distribution commencing during the Participant's lifetime may not exceed the applicable distribution period for the Participant under the Uniform Lifetime Table set forth in Treas. Reg. §1.401(a)(9)-9 for the calendar year that contains the Benefit Commencement Date. If the Benefit Commencement Date precedes the year in which the Participant reaches age 70, the applicable distribution period for the Participant is the distribution period for age 70 under the Uniform Lifetime Table set forth in Treas. Reg. §1.401(a)(9)-9 plus the excess of 70 over the age of the Participant as of the Participant's birthday in the year that contains the Benefit Commencement Date. If the Participant's spouse is the Participant's sole designated Beneficiary and the form of distribution is a period certain and no life annuity, the period certain may not exceed the longer of the Participant's applicable distribution period, as determined under this Section 7.4(c)(2), or the joint life and last survivor expectancy of the Participant and the Participant's spouse as determined under the Joint and Last Survivor Table set forth in Treas. Reg. §1.401(a)(9)-9, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the calendar year that contains the Benefit Commencement Date.

(d) **Requirements for Minimum Distributions If Participant Dies Before Distributions Begin.**

(1) **Participant Survived by Designated Beneficiary**. If the Participant dies before the date distribution of his or her interest begins and there is a designated Beneficiary, the Participant's entire interest will be distributed, beginning no later than the time described in Section 7.4(a)(2)(i) or (ii), over the life of the designated Beneficiary or over a period certain not exceeding:

(i) unless the Benefit Commencement Date is before the first distribution calendar year, the life expectancy of the designated Beneficiary, determined using the Beneficiary's age as of the Beneficiary's birthday in the calendar year

immediately following the calendar year of the Participant's death; or

(ii) if the Benefit Commencement Date is before the first distribution calendar year, the life expectancy of the designated Beneficiary, determined using the Beneficiary's age as of his or her birthday in the calendar year that contains the Benefit Commencement Date.

(2) **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.

(3) **Death of Surviving Spouse Before Distributions to Surviving Spouse Begin**. If the Participant dies before the date distribution of his or her interest begins, the Participant's surviving spouse is the Participant's sole designated Beneficiary, and the surviving spouse dies before distributions to the surviving spouse begin, this Section 7.4(d) will apply as if the surviving spouse were the Participant, except that the time by which distributions must begin will be determined without regard to Section 7.4(a)(2)(i).

7.5 Eligible Rollover Distributions

Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Section, a distributee may elect, at the time and in the manner prescribed by the Administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover in accordance with Section 401(a)(31) of the Internal Revenue Code.

(a) **Definitions**

(1) **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:

(i) 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 10 years or more; and

(ii) any distribution to the extent such distribution is required under Section 401(a)(9) of the Internal Revenue Code.

A portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be paid only to a traditional individual retirement account or annuity described in Section 408(a) or (b) of the Internal Revenue Code ("traditional IRA") or a Roth individual retirement account or annuity described in §408A (a "Roth IRA") or to a qualified defined benefit, defined contribution or annuity plan described in Section 401(a) or 403(a) of the Internal Revenue Code or an annuity contract described in Section 403(b) of the Internal Revenue Code if such plan or contract provides for separate accounting for amounts so transferred (and earnings thereon), including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

(2) **Eligible retirement plan**:

(i) An "eligible retirement plan" is:

a. An individual retirement account described in Section 408(a) of the Internal Revenue Code, including a Roth IRA described in Section 408A of the Internal Revenue Code;

b. An individual retirement annuity described in Section 408(b) of the Internal Revenue Code, including a Roth IRA described in Section 408A of the Internal Revenue Code;

c. A qualified trust described in Section 401(a) of the Internal Revenue Code or an annuity plan described in Section 403(a) of the Internal Revenue Code, that accepts the distributee's eligible rollover distribution;

d. An annuity contract described in Section 403(b) of the Internal Revenue Code that accepts the distributee's eligible rollover distribution; and

e. An eligible plan described in Section 457(b) of the Internal Revenue Code 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, that accepts the distributee's eligible rollover distribution and agrees to account separately for amounts transferred into such plan from this plan.

(ii) The foregoing 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 domestic relations order, as defined in 414(p) of the Code.

(3) **Distributee**:

A "distributee" includes a participant or former participant. In addition, the participant's or former participant's surviving spouse is a distributee with regard to the interest of the spouse or former spouse.

(4) **Direct rollover**:

A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

(b) **Nonspouse beneficiary**

A nonspouse beneficiary of a deceased participant is also a distributee for purposes of this Section 7.5, provided, however, in the case of a nonspouse beneficiary, the direct rollover may be made only to an individual retirement account or annuity under Section 408 of the Internal Revenue Code that is established on behalf of the nonspouse beneficiary and that will be treated as an inherited IRA pursuant to the provisions of Section 402(c)(11) of the Internal Revenue Code. The determination of the extent to which a distribution to a nonspouse beneficiary is required under Section 401(a)(9) of the Internal Revenue Code shall be made in accordance with IRS Notice 2007–7, Q&A 17 and 18, 2007–5 I.R.B. 395.

(c) **Required Notices for Plan Distributions**

Effective for Plan Years beginning on or after December 31, 2006, benefits under the Plan shall not be paid until at least 30 days (or shorter period as may be permitted by law) but not more than 180 days after a Participant's receipt of all required distribution notices and election forms pursuant to Section 402(f) of the Internal Revenue Code. Such notices must include a description of the Participant's right (if any) to defer receipt

of a distribution, the consequences of failing to defer receipt of the distribution, and such other information as may be required by applicable regulations and guidance.

7.6 Qualified Health Insurance Premium Distributions

(a) A Participant who is an Eligible Retired Public Safety Officer and is receiving monthly annuity benefits from the Plan may elect to have Qualified Health Insurance Premium Distributions made in accordance with procedures established by the Administrator.

(b) Qualified Health Insurance Premium Distributions may be excluded from the gross income of the Eligible Retired Public Safety Officer under Section 402(l) of the Internal Revenue Code, subject to the annual dollar limitation contained in Section 402(l)(2).

(c) The following definitions apply for purposes of this Section 7.6:

(1) An “Eligible Retired Public Safety Officer” is a Participant who separated from service with the City as a sworn police officer or firefighter (1) by reason of Disability or (2) at or after his or her Normal Retirement Date.

(2) A “Qualified Health Insurance Premium Distribution” is an amount deducted from an Eligible Retired Public Safety Officer's benefit payment and paid directly to the insurer providing coverage for which Qualified Health Insurance Premiums are paid. Such amount may not exceed the amount of the Qualified Health Insurance Premiums.

(3) “Qualified Health Insurance Premiums” means premiums for coverage for the Eligible Retired Public Safety Officer (and his or her spouse and dependents, if applicable) under accident and health insurance (including an accident or health plan within the meaning of Section 105(e) of the Internal Revenue Code) or a qualified long-term care insurance contract as defined in Section 7702B(b) of the Internal Revenue Code.

ARTICLE 8

BENEFICIARIES

8.1 Designation of Beneficiaries

(a) Participant Designation

Each Participant may designate a beneficiary or beneficiaries (who may be named contingently or successively) to receive such benefits as may be payable under the Plan upon or after the Participant's death. Prior to the Participant's Benefit Commencement Date, and subject to the provisions of the Plan, such designation may be changed from time to time by the Participant by filing a new designation with the Administrator. Upon the Participant's Benefit Commencement Date, the designation of a Beneficiary under any option other than the guaranteed period option shall be irrevocable.

(b) Revocations; Form of Designation; Filed with Plan Administrator

Each designation shall revoke all prior designations by the same Participant, shall be in a form prescribed by the Administrator, and shall be effective only when filed in writing with the Administrator. Except as provided in Section 7.2(b) and 8.1(a), a designation shall not be effective unless it is filed in writing with the Administrator prior to the Participant's Benefit Commencement Date.

(c) Absence of Valid Beneficiary Designation

In the absence of a valid Beneficiary designation, or if, at the time any benefit payment that is due under the terms of the Plan following the Participant's death, there is no living Beneficiary validly named by the Participant eligible to receive the payment, the Administrator shall direct any such benefit payment to:

(1) the Participant's spouse, if then living; otherwise to

(2) the Participant's then living descendants, if any, per stirpes; otherwise to

(3) the Participant's then living parent or parents, equally; otherwise to

(4) the Participant's estate.

(d) **Question Regarding Right of a Person to Receive a Benefit Payment**

In determining the existence or identity of anyone entitled to a benefit payment, the Administrator may rely conclusively upon information supplied by the Participant's personal representative. In the event of a lack of adequate information being supplied to the Administrator, or in the event that any question arises as to the right of any person to receive a benefit payment as aforesaid, or in the event that a dispute arises with respect to any such payment, then, notwithstanding the foregoing, the Administrator, in its sole discretion, may, in complete discharge of the Administrator, and without liability for any tax or other consequences which might flow therefrom, direct the Trustee to:

(1) distribute the payment to the Participant's estate,

(2) retain such payment, without liability for interest, until the rights thereto are determined, or

(3) deposit the payment into any court of competent jurisdiction.

8.2 Location of Participants and Beneficiaries

(a) **Notice to Last Post Office Address**

Any communication, statement or notice addressed to a Participant or Beneficiary at his or her last post office address filed with the Administrator, or if no such address was filed with the Administrator, then at the individual's last post office address as shown on the City's records, shall be binding on the Participant or Beneficiary for all purposes of the Plan. Except for the Administrator's sending of a registered letter to the last known address, the Administrator shall not be obliged to search for any Participant or Beneficiary.

(b) **Forfeiture if Participant or Beneficiary Fails to Claim Amount**

If the Administrator notifies any Participant or Beneficiary that he or she is entitled to an amount under the Plan and the Participant or Beneficiary fails to claim such amount or make his or her location known to the Administrator within 3 years thereafter, then, except as otherwise required by law, the Administrator shall have the right to direct that the amount payable shall be deemed to be a forfeiture and treated in accordance with Section 4.3, except that the dollar amount of the forfeiture, unadjusted for gains or losses in the interim, shall be reinstated if a claim for the benefit is made by the Participant or Beneficiary to whom it was payable. If any benefit payable to an unlocated participant or beneficiary is subject to

escheat pursuant to applicable state law, the Administrator shall not be liable to any person for any payment made in accordance with such law.

ARTICLE 9

ADMINISTRATION OF THE PLAN AND MANAGEMENT OF PLAN ASSETS

9.1 Administration of the Plan

The Plan shall be operated and administered on behalf of the City by the Administrator, which shall have the powers and duties set forth in Section 10.7.

9.2 Management of Plan Assets

The Board shall have the powers and duties set forth in Section 10.5 with respect to the management of the assets of the Plan. The Board may also make recommendations to the City Manager or the City Council concerning modifications to or clarifications of the Plan.

9.3 Pension Fund

All assets of the Plan shall be deposited and held in one or more Annuity Contracts selected by the Board and/or in the Trust. The assets held under the Trust and any Annuity Contracts shall comprise the Fund and shall be held for the purpose of providing benefits to Participants and defraying reasonable expenses of administering the Plan. Subject to Section 9.4 and the terms of the Trust, the Trustee shall have the full power and authority to invest and reinvest the portion of the Fund held under the Trust and to change such investments and reinvestments in accordance with the terms of the Trust.

9.4 Participant Directed Investment of Retirement Income Accounts

A Participant shall not have any right with respect to the investment of the assets of the Fund used to provide his or her Accrued Pension Benefit. However, subject to such limitations as may from time to time be required by law, imposed by the Board or contained elsewhere in the Plan, and subject to such operating rules and procedures as may be imposed from time to time by the Board (or its designee), each Participant (including for this purpose former Participants with a Retirement Income Account, Beneficiaries and/or an alternate payee under a domestic relations order in which a Participant's Retirement Income Account has been validly divided into separate accounts for the Participant and alternate payee) shall have the right to direct the investment of his or her Retirement Income Account in accordance with the following:

(a) The Board shall designate the Investment Funds from among which each Participant may direct the investment of his or her Retirement Income Account. The Board may, in its absolute discretion, change, modify or limit such Investment Funds and may establish uniform rules and

procedures to be followed with respect to the investment of Retirement Income Accounts in such Investment Funds.

(b) The Board shall determine the manner, period, and frequency of investment elections (e.g., daily, weekly, or monthly). Different terms and conditions may be specified for different Investment Funds (e.g., monthly elections for one Investment Fund and daily elections for another Investment Fund). Any term or condition imposed by the Board may apply to an entire Retirement Income Account or may be applied separately to different subaccounts or different Investment Funds. Except as the Board shall otherwise determine, any initial or subsequent investment designation shall be in writing, on a form supplied by and filed with the Board (or its designee) and shall be effective on such date as may be specified by the Board (or its designee). The Board may provide for telephone or other electronic investment designations to the extent that such facilities are made available by the Trustee or the Investment Fund and may establish (and thereafter change) a limit on the number of designations that may be made by any Participant during a specified period.

(c) A Participant's Retirement Income Account (except for investment earnings) shall be allocated among the separate Investment Funds in accordance with the then effective investment designation. Except as the Board shall otherwise determine, any distributions shall be taken proportionately from each separate Investment Fund in which the Participant's Retirement Income Account is invested at the time of the distribution. As of the effective date of any new investment designation, the entire balance of the Participant's Retirement Income Account at that date shall be reallocated among the designated Investment Funds according to the percentages specified in the investment designation.

(d) In the event the Board (or its designee) receives an initial or revised investment designation which it deems to be incomplete, unclear, not in accordance with procedures established pursuant to this Section, or otherwise improper, the Participant's investment designation then in effect shall remain in effect (or, in the case of a deficiency in an initial designation, the Participant shall be deemed to have filed no designation) until a complete, clear investment designation has been filed that is in accord with the rules and procedures established by the Board (or its designee) and has become effective.

(e) It is intended that each Participant be required to direct the investment of his or her Retirement Income Account to the extent set forth in this Section. In the event that the Board (or its designee) possesses at any time instructions as to the investment of less than all of a Participant's

Retirement Income Account, the Participant shall be deemed to have designated that the non-directed portion of his or her Retirement Income Account be invested in the separate Investment Fund which most closely resembles a money market or stable asset fund. To the extent that the Board finds it to be administratively appropriate to hold a portion of the assets of the Plan out of the operation of this Section, or to the extent that the operation of this Section is suspended or terminated with respect to any portion of the assets of the Plan as aforesaid, then the Board shall direct the Trustee with respect to the investment of such assets in accordance with the Trust Agreement.

(f) The Board may determine at any time to vary the rules provided above to accord with the requirements of any Investment Fund, for ease in administration, or for any other reason. In such event, the Board shall promptly notify Participants of any changes which affect the manner in which Retirement Income Accounts are invested.

Neither the Trustee, the Board, the Administrator, the City, the issuer of any Annuity Contract, nor any other person who may be deemed a fiduciary hereunder shall have any responsibility to determine the appropriateness of any individual Participant's investment direction.

ARTICLE 10

RETIREMENT PLAN BOARD AND ADMINISTRATOR

10.1 Retirement Plan Board

(a) The Board shall consist of eight members who are nominated by the City Manager and Voting Participants in accordance with this Article and appointed by the City Council.

(b) Four of the members of the Board (the "City Representatives") shall be nominated by the City Manager pursuant to Section 10.2, and four of the members of the Board (the "Participant Representatives") shall be nominated by the Voting Participants in accordance with the provisions of Section 10.3 and election rules and procedures adopted by the Board. In the event the City Council does not appoint a City Representative or Participant Representative who has been nominated in accordance with this Article, the City Manager or Voting Participants, as the case may be, shall select and present another nominee in accordance with the provisions of this Article.

(c) In addition to the four City Representatives and four Participant Representatives, there shall be two alternate Participant Representatives and one alternate City Representative appointed by the City Council. The Board shall adopt rules for the nomination of the alternate Participant Representatives. The alternate City Representative shall be nominated by the City Manager. The designated alternates may attend meetings of the Board and participate therein, but unless acting in place of an absent member of the Board in accordance with Section 10.4, shall not be entitled to vote on any matter presented to the Board for consideration.

(d) Each member of the Board and each alternate shall signify in writing his acceptance of his appointment as a member or alternate of the Board. No person shall act as a member of the Board or as an alternate until he has accepted and acknowledged his appointment.

10.2 City Representatives

(a) The City Manager shall nominate the four City Representatives for appointment to the Board. The City Representatives appointed by the City Council shall serve as members of the Board until removed or until their death or resignation or termination of employment.

(b) Each City Representative shall have the right to resign as a member of the Board at any time by giving notice in writing, mailed or delivered to the City Manager and the remaining members of the Board. A City

Representative who was an employee of the City at the time of his appointment shall be deemed to have resigned from the Board upon his termination of employment with the City. The City Manager at any time may, in his discretion, request that the City Council remove any City Representative with or without cause. Upon the death, resignation, or removal of a City Representative, the City Manager shall nominate a successor. The appointment of a successor shall be made by the City Council, and the successor shall have all of the rights and privileges and all of the duties and obligations of his predecessor.

10.3 Participant Representatives

(a) The Voting Participants shall nominate each Participant Representative and alternate Participant Representative (by secret ballot). A Participant Representative or alternate must be a current Voting Participant.

(b) Two out of the four Participant Representatives and one alternate shall be Voting Participants who are currently or previously employed by the City as Firefighters, and shall be nominated for appointment to the Board based on the vote of all Voting Participants who are or were Firefighters. The remaining two Participant Representatives and one alternate shall be Voting Participants who are currently or previously employed by the City as Police Officers, and shall be nominated for appointment to the Board based on the vote of all Voting Participants who are or were Police Officers.

(c) Each Participant Representative, and alternate, shall serve a two-, three or four-year term as follows:

(1) With respect to terms ending before January 1, 2011, each Participant Representative, and alternate, shall serve a three-year term.

(2) Beginning with the term commencing January 1, 2011, Participant Representatives and alternates shall serve staggered terms as follows:

(i) One Participant Representative who is employed by the City as a Firefighter and one Participant Representative who is employed by the City as a Police Officer shall be appointed to serve a two-year term ending December 31, 2012.

(ii) The other Participant Representative who is employed by the City as a Firefighter and the other Participant Representative who is employed by the City as a Police

officer, as well as both alternates, shall be appointed to serve a four-year term ending December 31, 2014.

(iii) Thereafter, all Participant Representatives and alternates shall be appointed to serve a four-year term.

(3) Participant Representatives and alternates shall serve for their designated term or until their successor is duly appointed and has accepted his position as a Participant Representative or alternate. Each Participant Representative or alternate may be re-nominated and re-appointed for any number of additional terms.

(d) The Board shall conduct the nomination of Participant Representatives and alternates. No Participant Representative or alternate who is seeking to be nominated for re-appointment to the Board shall participate in conduct of the nomination proceedings by the Board.

(e) The Board shall establish reasonable rules and procedures to be followed with respect to the nomination, affiliation, balloting, error handling, communication of election results, and other matters deemed appropriate for the selection of Participant Representatives and alternates. Each Voting Participant shall have one vote in such nomination proceedings (regardless of the amount of the Participant's Accrued Pension Benefit or the amount in the Participant's Retirement Income Account).

(f) A Participant Representative or alternate who ceases to be a Voting Participant shall be deemed to have resigned from the Board on the date he ceases to be a Voting Participant. A Participant Representative or alternate may resign at any time, upon 30 days' notice to the Board. Upon the death, resignation, or deemed resignation of a Participant Representative, the alternate shall become the Participant Representative until such time as a successor is nominated in accordance with the provisions of this Section 10.3 and appointed to the Board by the City Council.

(g) The Voting Participants at any time may request that the City Council remove a Participant Representative or alternate and may nominate a new Participant Representative or alternate to fill any vacancy among Participant Representatives or alternates. In order to request removal of a Participant Representative or alternate, the Voting Participants shall submit a removal petition to the Board containing the signatures of at least twenty percent (20%) of the Voting Participants who are entitled to vote for the nomination of the Participant Representative or alternate (i.e., Voting Participants who are or were Firefighters or Police Officers, as the case may be). Such petition shall be in such form and contain such other information as may be reasonably prescribed by the Board. Upon receipt

of a valid removal petition, the Board shall conduct a proceeding to determine whether or not to recommend removal (using the procedures for nomination of Participant Representatives and alternates). In the event that a Participant Representative or alternate is removed, a new Participant Representative or alternate shall be nominated using the procedures contained in Section 10.3.

(h) In the event of the resignation or removal of a Participant Representative or alternate, the Board shall nominate a successor if the remaining term of such Participant Representative or alternate is twelve months or less. If the remaining term is more than twelve months, then the Board shall conduct a special election to fill the remaining term of such Participant Representative or alternate. Any Participant Representative or alternate appointed or elected to replace a Participant Representative or alternate shall be of the same type (i.e., a Firefighter shall be appointed or elected to replace a Participant Representative or alternate that was a Firefighter and a Police officer shall be appointed or elected to replace a Participant Representative or alternate that was a Police Officer).

10.4 Conduct of Board Business

(a) The Board may adopt rules for the conduct of its business.

(b) Proceedings and actions of the Board shall be subject to the Virginia Freedom of Information Act and all other applicable law, and the Board shall take all steps necessary to ensure that it complies with such Act and all applicable law.

(c) The members of the Board shall elect a Chairman and a Secretary from among its members. Neither the City Representatives nor the Participant Representatives shall hold the position of both Chairman and Secretary (e.g., if a City Representative is elected to serve as Chairman, the Secretary shall be a Participant Representative). In the event the members of the Board fail to elect a Chairman or Secretary within sixty (60) days, the City Manager may appoint the Chairman or Secretary, as the case may be.

(d) A regular meeting of the Board shall be held each calendar quarter, on a date, and at a reasonable time and place, jointly designated by the Chairman and Secretary or by resolution of the Board from time to time (provided that such date does not fall on a holiday for employees of the City). Special meetings of the Board may be called jointly by the Chairman and Secretary, or by a majority of the members of the Board. Meetings of the Board shall take place within the City of Alexandria at a site furnished by the City.

(e) Notice of the time and place of every regular, special and reconvened meeting of the Board shall be given to each member and each alternate by personal delivery, by telephone communication, by telephone facsimile transmission, by first class mail, by electronic mail, or by a delivery service providing confirmation of delivery. At least 5 business days' notice shall be given of all regular meetings and at least 72 hours' notice shall be, given of all special or reconvened meetings. The purpose of any meeting of the Board need not be stated in the notice. No notice of the time, place, or purpose of any meeting need be given to any member, who, in writing executed and filed with the records of the meeting either before or after the holding thereof, waives such notice or who attends the meeting.

(f) Meetings of the Board shall be presided over by the Chairman or in his absence by the Secretary, or in their absence by a chairman chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

(g) The Board shall keep minutes of its proceedings showing the vote of each member on each question or if absent or failing to vote indicating such fact, and shall keep records of its official actions.

(h) Subsequent to each Board meeting, and as soon as practicable thereafter, each member of the Board (and each alternate) shall be furnished with a copy of the minutes of said meeting (which minutes shall be revised, if necessary, and then adopted and approved by the Board at its next meeting).

(i) Two City Representatives and two Participant Representatives (with at least one Firefighter and one Police Participant Representative) shall constitute a quorum for the transaction of any business of the Board. At all meetings of the Board, each City and Participant Representative shall have a total of one vote. In the event that the Participant Representative elected by the Firefighters is absent, the alternate Participant Representative elected by the Firefighters shall, if present, cast one vote. In the event that a police Participant Representative elected by the Police Officers is absent, the alternate representative elected by the Police Officers shall, if present, cast one vote. In the event that a City Representative is absent, the alternate City Representative shall, if present, cast one vote. Decisions of the Board shall be by a majority of the votes cast.

(j) If quorum is lacking for any meeting, the meeting may be adjourned and reconvened by the chairman of the meeting to a future date, and any business may be transacted at any adjourned meeting that could have

been transacted at the meeting as originally called. A quorum must be present at the reconvened meeting in order for the Board to transact any business or take any action.

(k) In the event of a tie vote by the Board, the question or questions in issue may be submitted to the City Manager for resolution upon majority vote of the entire Board. If the Board does not agree to submit the question to the City Manager for resolution, then either the City Representatives (by majority vote of the City Representatives) or Participant Representatives (by majority vote of the Participant Representatives) may request that an individual be selected to arbitrate and decide the action or question in issue. The location of the arbitration shall be in the City of Alexandria, Virginia and shall be conducted in accordance with its applicable arbitration rules and procedures of the American Arbitration Association or its successor. If the City Representatives and the Participant Representatives cannot agree on an individual to serve as the arbitrator with 20 days after arbitration has been invoked, the parties will jointly request that the Chief Judge of the Alexandria Circuit Court designate an individual to serve as arbitrator and decide the action or question. The City shall pay the cost of the arbitrator; but City Representatives and the Participant Representatives shall each bear their own costs and expenses in connection with the arbitration. The decision of the City Manager or the arbitrator on such issue shall be final and binding on the Board. In the event the Board does not submit the action or issue to the City Manager, or the City or Participant Representatives do not invoke arbitration following a tie vote, the action or question shall fail and the status quo shall remain in effect, until such time as the question or action is subsequently addressed by the Board.

(l) The Board may create such subcommittees as it shall deem necessary and appropriate, provided, however, that all proceedings and actions of any subcommittees shall be subject to the Virginia Freedom of Information Act and applicable law, and the Board shall take all steps necessary to ensure that each subcommittee complies with such Act and applicable law.

(m) The Board may authorize one or more of its number or any agent to execute or deliver any instrument on its behalf and do any and all other things necessary and proper in the exercise of its duties with respect to the Plan.

(n) The Board shall adopt standards of conduct (which conform to the State and Local Government Conflict of Interests Act) and shall require newly elected City and Participant Representatives (and alternates) to attend a course of instruction in the responsibilities and duties of a fiduciary and of

an employee benefit plan that is sponsored by International Foundation of Employee Benefit Plans (or a similar organization) within a reasonable period of time following their appointment or nomination (unless such member has previously served as a fiduciary of a similar plan and, in connection therewith, has attended a similar course of instruction within a period of 5 years preceding the member's date of appointment).

(o) All documents, instruments, orders, requests, directions, instructions, and other papers shall be executed on behalf of the Board by either its Chairman or Secretary, or by any member or agent of the Board duly authorized to act on the Board's behalf.

(p) The City shall provide the Board with assistance in recording and maintaining the minutes of the Board; notifying appropriate persons of the actions of the Board; and providing any other required administrative and clerical assistance.

(q) In carrying out its duties the Board may, from time to time, employ agents and may delegate to them ministerial and limited discretionary duties as it sees fit.

(r) The members of the Board who are Participant Representatives (or alternates of Participant Representatives) will receive compensation for their services as member of the Board (or alternate) in an amount determined by the City Council. City Representatives (and the alternate of the City Representatives) shall perform their duties with respect to the Plan without receiving any additional compensation in their capacity as Board members.

10.5 Duties and Responsibility of the Board

The Board shall serve as the fiduciary of the Plan in connection with the management of the Plan's assets.

Except as the City, acting through the City Council, shall otherwise expressly determine, the Board shall have full authority to act for the City before all persons in any matter directly pertaining to the management of the assets of the Plan, including, without limitation, the power:

(a) To establish and modify written investment policies, objectives, and guidelines with respect to the Fund.

(b) To act for the City in any matter directly pertaining to the investment of the Fund.

(c) To select, retain, and/or remove the Trustee, to enter into a Trust Agreement with the Trustee on such terms and conditions as the Board deems advisable, and to establish and determine the amount of compensation to be paid to the Trustee.

(d) To select one or more Annuity Contracts as a funding vehicle for the Plan.

(e) To direct the Trustee with respect to the investment and/or investment allocation of that portion of the Fund relating to the defined benefit portion of the Plan and/or that portion of the Fund relating the disability benefits provided under the Plan.

(f) To retain or remove one or more investment managers to manage or direct investment allocations with respect to such portions of the Fund as the Board shall designate.

(g) To allocate investment duties and responsibilities between the Trustee and one or more investment managers.

(h) To determine, select, monitor, review, and alter as appropriate the Investment Funds from among which each Participant may direct the investment of his or her Retirement Income Account in accordance with the provisions of Section 9.4, and to take all action necessary to perform such function.

(i) To establish reasonable rules and procedures to be followed with respect to the investment of Retirement Income Accounts, including the use of paperless notices, elections, consents, authorizations, instructions, directions, designations, requests, or communications.

(j) To determine the manner, period, and frequency of investment elections by Participants under Section 9.4.

(k) If deemed appropriate by the Board, to suspend or terminate the right of Participants to direct the investment of all or any portion of their Retirement Income Account (and in such event to direct the Trustee with respect to the investment of such Retirement Income Accounts).

(l) To add or terminate any annuity contract as an Investment Fund or funding vehicle under the Plan.

(m) To provide investment education (but not investment advice) to Plan Participants who have Retirement Income Accounts through independent service providers acting solely in the interests of Plan Participants.

(n) To appoint and retain any trustees, custodians, investment managers, investment advisors, investment planners, record-keepers, and other vendors for the Plan as it deems necessary and appropriate for the management and operation of the assets of the Plan.

(o) To approve all standard form benefit statements, and all other standard or special written communications from the Plan to Participants with respect to their Accrued Pension Benefit or Retirement Income Account.

(p) To establish reasonable rules and procedures to be followed with respect to the nomination (and removal) of Participant Representatives.

(q) To consult with the City, Administrator or City Manager respecting the terms of the Plan and to make recommendations concerning modifications to or clarifications of the Plan (including making recommendations to the City Council following consultation with the City Manager); provided, however, that the Board shall have no discretionary authority to act by itself to modify or amend, in any respect, any term or provision of the Plan, which authority resides exclusively with the City Council.

(r) To do all acts, whether or not expressly authorized herein, which the Board deems necessary or appropriate in connection with the management of the assets of the Plan.

Notwithstanding anything herein to the contrary, the Board shall not have the power to amend or terminate the Plan, to affect the employer-employee relationship between the City and any Employee, all of which powers are reserved to the City.

10.6 Administrator

In the absence of any designation to the contrary by the City Manager, the City Manager shall serve as the Administrator.

The City Manager may designate and appoint one or more persons who are employed by the City to act as Administrator. If more than one person is designated as the Administrator by the City Manager, the committee thus formed shall serve as Administrator with respect to the functions delegated to such person or committee.

The City Manager may designate and appoint one or more persons or one or more committees (called an Administrative Committee) to perform specific administrative functions with respect to the administration of the Plan. To the extent that the City Manager assigns different administrative functions to different persons or Administrative Committees, the City Manager shall outline, in writing, the specific responsibilities of each such person or Administrative Committee.

The authority of such person or Administrative Committee shall be limited to the specific administrative functions delegated to such person or Administrative Committee by the City Manager and shall not extent to any other functions of the City Manager in his or her capacity as Administrator.

All references in the Plan to the Administrator shall be deemed to apply separately to each such person or Administrative Committee (within the scope of their assigned area of administrative responsibility).

The person(s) or Administrative Committee(s) designated as the Administrator by the City Manager shall have full power and authority to administer and operate the Plan with respect to the specific administrative functions assigned to such person(s) or Administrative Committee(s) in accordance with the terms of the Plan and in particular the authority contained in Section 10.7, and, in acting pursuant thereto, shall have full power and authority to deal with all persons in any matter directly connected with the operation and administration of the Plan.

Each person and each member of an Administrative Committee designated as the Administrator by the City Manager shall:

(a) signify in writing the acceptance of his responsibility as Administrator;

(b) have the right to resign at any time by giving notice in writing, mailed or delivered to the City Manager;

(c) be deemed to have resigned as an Administrator (or a member of an Administrative Committee) upon his or her termination of employment with the City; and

(d) shall be subject to removal by the City Manager at any time, with or without cause.

Upon the death, resignation or removal of an Administrator (or a member of an Administrative Committee), the City Manager may appoint a successor. The appointment of a successor shall be made by the City Manager in writing, and the successor shall have all of the rights and privileges and all of the duties and obligations of his predecessor.

If the City Manager has created one or more Administrative Committees to perform the functions of the Administrator, then the City Manager shall designate a Chairman and Secretary from among the members of each such Administrative Committee. The Administrative Committee may adopt reasonable rules for the conduct of its business. A majority of the members then serving as members of the Administrative Committee shall constitute a quorum for the transaction of business. All action taken by the Administrative Committee shall be by vote of a

majority of those present at such meeting and entitled to vote. Actions may be taken without a meeting upon written consent signed by at least a majority of the members of the Administrative Committee. All documents, instruments, orders, requests, directions, instructions and other papers shall be executed on behalf of the Administrative Committee by either its Chairman or Secretary, or by any member or agent of the Administrative Committee duly authorized to act on the Committee's behalf.

10.7 Duties and Powers of Administrator

The Administrator shall have the following duties and powers in connection with the administration of this Plan:

(a) To administer the Plan in accordance with the provisions of the Plan and applicable law.

(b) To make and to change from time to time and to enforce such rules and regulations, consistent with the provisions of this Plan, as may be necessary or desirable for the carrying out of its duties, and for the efficient administration of the Plan.

(c) Finally and conclusively to determine, according to the provisions set forth in this Plan, the eligibility of a Participant under this Plan and, if eligible, the Participant's rights hereunder.

(d) To exercise its sole discretionary right and authority to interpret and construe terms of this Plan and any rules and regulations that the Administrator might make.

(e) To advise the City and the Board regarding the known future need for funds to be available for distribution in order that the Board may establish investments accordingly.

(f) To correct defects, supply omissions and reconcile inconsistencies to the extent necessary to effectuate the Plan.

(g) To compute the amount of benefits which shall be payable to any Participant or Beneficiary in accordance with the provisions of the Plan and to determine the person or persons to whom such benefits shall be paid.

(h) To direct the Trustee, custodian or issuer of an Annuity Contract concerning all payments which shall be made out of the Fund pursuant to the provisions of this Plan, an Annuity Contract or the Trust Agreement.

(i) To file all reports with government agencies, Employees and other parties as may be required by law, whether such reports are initially the obligation of the City, the Plan or the Trustee.

(j) To engage the Actuary of the Plan and to cause the liabilities of the Plan to be evaluated by the Actuary as provided in the Plan.

(k) To compromise, settle, or release claims or demands in favor of or against the Plan or the Administrator on such terms as the Administrator may deem reasonable and prudent.

(l) To recommend changes to the Plan that are necessary or desirable to maintain the qualification of the Plan under Section 401(a) of the Internal Revenue Code.

(m) To request determination letters from the Secretary of the Treasury that the Plan continues to meet the requirements for qualification under Section 401 of the Internal Revenue Code and to take the necessary steps to notify the appropriate interested parties whenever an application is made to the Secretary of the Treasury for a determination letter in accordance with Section 7476 of the Internal Revenue Code.

(n) To do all acts necessary to implement any action or decision with respect to the administration of the Plan.

(o) To do all acts, whether or not expressly authorized herein, which the Administrator deems necessary to accomplish the general purposes of this Plan, provided, however, that the Administrator shall have no authority to take any action with respect to the management of the assets of the Plan, other than those actions which are necessary to implement any action or decision of the Board.

Notwithstanding anything herein to the contrary, the Administrator shall not have the power to amend or terminate the Plan or to affect the employer-employee relationship between the City and any Employee, which powers are reserved to the City.

10.8 Participation by Members of Board or Administrator

No member of the Board or Administrative Committee shall be precluded from becoming a Participant in the Plan if he or she would be otherwise eligible, but such member shall not be entitled to vote or act upon matters or to sign any documents relating specifically to his or her own participation under the Plan, except when such matters or documents relate to benefits generally.

10.9 Agents

The Board and the Administrator may employ agents, consultants, accountants, attorneys, and service providers and provide for such clerical, legal, actuarial, accounting, medical, advisory or other services as it deems necessary to perform their respective duties under this Plan.

10.10 Allocation of Duties

The duties and powers reserved to the Board and the Administrator may be allocated among their respective members so long as such allocation is pursuant to written procedures adopted by the Board or Administrator, as the case may be, in which case, no member of the Board or Administrative Committee shall have any liability, with respect to any duties or powers not allocated to him or her, for the acts or omissions of any other member of the Board or Administrative Committee.

10.11 Delegation of Duties

The Board and the Administrator may delegate any of their respective duties or powers to employees of the City, or to any other person or firm, provided that the Board or Administrator, as the case may be, shall prudently choose such person or firm and rely in good faith on their actions.

10.12 Action Conclusive

Any action on matters within the discretion of the Board or the Administrator shall be final and conclusive except as provided in Article 10.

10.13 Records and Reports

(a) The Administrator and the Board shall maintain such records, and compile such data, as is necessary for the proper administration and operation of the Plan and the proper management of the assets of the Plan. The Administrator and the Board shall maintain adequate records of their actions and proceedings in administering this Plan and shall file all reports and take all other actions necessary or appropriate in order to comply with applicable law.

(b) The Plan shall be included in the annual audit of City sponsored retirement plans.

(c) The Board shall furnish the City Manager or his designee a copy of all monthly financial or investment reports, the annual audit of the Plan, and any financial reports or documents provided by any service provider to the Plan.

(d) The City shall promptly furnish all necessary information to the Administrator and the Board to permit them to perform their respective duties under the Plan. The Administrator and the Board shall be entitled to rely upon the accuracy and completeness of all information furnished by the City, unless it knows or should have known that such information is erroneous.

10.14 Expenses of Administrator and Board

Unless paid by the City, any expenses incurred by the Administrator or the Board in connection with the administration or management of the Plan shall be paid out of the Fund, including but not limited to those associated with the retention of attorneys, accountants, actuaries, or other service providers; provided, however, that any and all fees and expenses of the Administrator or the Board shall be subject to review and approval of the City Council.

10.15 Reservation of Rights by City

Where rights are reserved in this Plan to the City, such rights shall be exercised only by action of the City. The City may conduct independent audits of the Fund, or examine the records of the Plan or the Fund, at any time.

10.16 Standard of Care

The Board and the Administrator shall perform all duties required of them under this Plan in a prudent manner. Neither the Board nor the Administrator shall be responsible in any way for any action or omission of the City, the Trustee or any other fiduciaries in the performance of their respective duties and obligations under the Plan and Trust Agreement. Neither the Board nor the Administrator shall be responsible for any act or omission of any of their respective agents, or with respect to reliance upon advice of their respective counsel (whether or not such counsel is also counsel to the City) provided that such agents or counsel were prudently chosen by the Board or Administrator, as the case may be, and that the Board or the Administrator relied in good faith upon the action of such agent or the advice of such counsel.

10.17 Paperless Communications

Notwithstanding anything contained herein to the contrary, the Board or the Administrator from time to time may establish uniform procedures whereby with respect to any or all instances herein where a writing is required, including but not limited to any required written notice, election, consent, authorization, instruction, direction, designation, request or claim, communication may be made by any other means designated by the Board or the Administrator including by paperless communication, and such alternative communication shall be deemed to constitute a writing to the extent permitted by applicable law, provided that

such alternative communication is carried out in accordance with such procedures in effect at such time.

ARTICLE 11

CLAIMS PROCEDURE

11.1 Claim for Benefits

Any person claiming a benefit under the Plan (a "Claimant") shall apply for such benefit by filing a claim with the Administrator in writing on the form or forms prescribed by the Administrator. If no form or forms have been prescribed, a claim for benefits shall be made in writing to the Administrator setting forth the basis for the claim. The Claimant shall furnish the Administrator with such documents, evidence, data, authorizations, consents or information in support of such claim as the Administrator considers necessary or desirable to determine the validity of the claim. The Administrator shall respond in writing to any claim for benefits.

11.2 Notice of Denial

(a) If the claim is denied, either in whole or in part, the written notice of denial shall state, in a manner calculated to be understood by the Claimant:

(1) The specific reason or reasons for denial, with specific references to the Plan provisions on which the denial is based;

(2) A description of any additional material or information necessary for the Claimant to perfect his or her claim, if possible, and an explanation of why such material or information is necessary; and

(3) An explanation of the Plan's claims review procedure and the time limits applicable to such procedures.

(b) The written notice denying or granting the Claimant's claim shall be provided to the Claimant within 90 days after the Administrator's receipt of the claim, unless special circumstances require an extension of time for processing the claim. If such an extension is required, written notice of the extension shall be furnished by the Administrator to the Claimant within the initial 90-day period and in no event shall such an extension exceed a period of ninety (90) days from the end of the initial 90-day period. Any extension notice shall indicate the special circumstances requiring the extension and the date on which the Administrator expects to render a decision on the claim.

11.3 Right to Reconsideration

Any Claimant whose claim is denied (or such Claimant's authorized representative) may, within sixty (60) days after the Claimant's receipt of notice

of the denial, request a review of the denial by notice given, in writing, to the Administrator. Upon such a request for review, the claim shall be reviewed by the Administrator (or its designated representative) which may, but shall not be required to, grant the Claimant a hearing.

11.4 Review of Documents and Submission of Comments

The Claimant shall be provided reasonable access to, and copies of, all relevant documents, records and information directly related to the claim. In connection with the review, the Claimant may have an authorized representative act on the claimant's behalf. The Claimant may submit comments, documents, records and other relevant information in writing to the Administrator.

11.5 Decision by Administrator

(a) The decision on review normally shall be made within sixty (60) days of the Administrator's receipt of the request for review. If an extension of time is required due to special circumstances, the Claimant shall be notified, in writing, by the Administrator, and the time limit for the decision on review shall be extended up to a total of one hundred and twenty (120) days. Any extension notice shall indicate the special circumstance requiring the extension and the date on which the Administrator expects to render a decision on the appeal.

(b) The Administrator shall notify the Claimant in writing of all benefit determinations as soon as possible, but no later than fifteen (15) days after the benefit determination is made.

(c) The decision on review shall be in writing and shall state, in a manner calculated to be understood by the Claimant the specific reason or reasons for the decision, with specific references to the relevant Plan provisions on which the decision is based.

(d) The Administrator has the exclusive discretionary authority to construe and to interpret Plan terms, to decide all questions of eligibility for benefits and to determine the amount of such benefits, and its decisions on such matters shall be final and conclusive. This grant of discretionary authority extends to all decisions made by the Administrator on review, which shall be final and binding with respect to all concerned parties.

(e) A Claimant shall be entitled, either in his or her own name or in conjunction with any other interested parties, to bring such actions in law or equity or to undertake such administrative actions or to seek such relief as may be necessary or appropriate to compel the disclosure of any required information, to enforce or protect his or her rights, to recover present benefits due to the Claimant or to clarify rights to future benefits

under the Plan. However, in any civil action, in law or equity, any interpretation or determination made pursuant to the discretionary authority conveyed upon the Administrator shall be upheld, unless it is shown that the interpretation or determination made by the Administrator was an abuse of discretion (or was arbitrary and capricious).

ARTICLE 12

AMENDMENT OR TERMINATION OF THE PLAN

12.1 Amendment of Plan

The City shall have the right from time to time to modify or amend, in whole or in part, any or all provisions of the Plan. Upon any such modification or amendment, the Board and the Administrator shall be furnished a copy thereof.

The City shall give notice to Participants prior to making any material changes to this Plan affecting participation, eligibility, contributions, or benefits under the Plan, except those required by statutes, and shall be available to receive and consider comments of Participants as to proposed changes. When the City staff, City Council, or a committee of the City Council has formulated the substance of a proposed material change affecting participation, eligibility, contributions, or benefits under the Plan, notice of the substance of the proposed change will be given to Participants at least sixty (60) days before City Council votes on the proposal. This notice will contain a "plain language" explanation of the substance of the proposed changes. Employees will have access to the staff during such sixty (60) day period. If requested in writing by at least 5 Participants, a meeting shall be held between the staff and interested Participants, at which time the staff will explain the proposal and answer any questions. These questions and areas of concern must be submitted in writing by interested Participants at least 5 days prior to the scheduled meeting. At least 7 days' notice shall be given of the time and place of such meeting. Notwithstanding anything herein to the contrary, notice under this Section 12.1 shall not be required if the Board determines, pursuant to a vote in which at least five (5) members of the Board (or alternates, if applicable) vote in the affirmative for the determination, that notice is not required because the proposed change is merely technical or administrative in nature and is not a material change affecting participation, eligibility, contributions, or benefits under the Plan.

Any change in benefits provided for by amendment to the Plan shall not apply to any Participant whose Termination Date, Disability Retirement Date, or cessation of participation occurred prior to the effective date of such amendment, except as otherwise specifically provided for in the Plan or in such amendment.

12.2 Conditions of Amendment

No amendment shall:

(a) make it possible for any part of the Fund to be used for, or diverted to, purposes other than for the exclusive benefit of Participants or their Beneficiaries, except that, if after the Plan is terminated there are assets remaining after all Plan liabilities have been provided for, such remaining assets shall be returned to the City.

(b) directly or indirectly reduce the vested portion of any Participant's Accrued Pension Benefit as of the effective date of the amendment.

12.3 Termination

It is the present intention of the City to maintain the Plan indefinitely for the benefit of its Covered Employees. Nevertheless, subject to the second paragraph of Section 12.1, the City reserves the right, at any time, by resolution of the City Council to permanently discontinue further contributions to the Trust or to terminate the entire Plan and Trust. Upon such event, the Accrued Pension Benefits, to the extent funded, of all Participants shall become fully vested and nonforfeitable. Upon termination of the Plan, the value of the Accrued Pension Benefits of all Participants shall be determined in accordance with the provisions of Section 12.4.

12.4 Allocation of Assets of Fund on Termination of Plan

In the event that the Plan is terminated by the City, the Administrator shall determine (on the basis of actuarial valuation) the share of the Fund allocable to each person entitled thereto, in the following order:

(a) First, all unpaid expenses, fees, and other charges under the Plan shall be paid.

(b) Second, the balance of each Retirement Income Account shall be distributed.

(c) Third, each Participant shall receive an amount equal to the Participant's Employee Contribution Retirement Benefit (determined as of the date of termination), less any benefits received under the Plan.

(d) Fourth, an amount sufficient to provide for all Disability Benefits to each Participant who is Disabled and who is entitled to or who is receiving Disability Benefits under the Plan immediately prior to termination, reduced to reflect any allocations made pursuant to the foregoing subsections.

(e) Fifth, an amount sufficient to provide for the amount of the Accrued Pension Benefit not already provided for under subsection (c) shall be allocated to each former Participant or Beneficiary who has been receiving monthly payments for 3 years, or who could have begun to receive retirement benefits under the Plan at least 3 years prior to the date of termination of the Plan (but who elected to defer the retirement or the commencement of benefits under the Plan), in both cases based upon the terms of the Plan in effect on the date of termination of the Plan.

(f) Sixth, an amount sufficient to provide for all Accrued Pension Benefits not already provided for under subsection (c) or (d) that were nonforfeitable immediately prior to the termination of the Plan.

(g) Seventh, any remaining balance shall be allocated to all Participants and Beneficiaries in proportion to the excess of the actuarial values of their Accrued Pension Benefits under the Plan over the amounts allocated under subsections (c), (d), and (f).

(h) Eighth, if after following the order of allocations set forth above there is an amount remaining, then such amount shall be returned to the City. The Actuary for the Plan shall certify that what is being returned to the City is not needed to satisfy all of the liabilities under the Plan as to the Participants or Beneficiaries.

Should there prove to be insufficient funds to provide the amounts required to fully satisfy any subsection, then the allocation to all persons covered by that subsection will be reduced by the same proportion.

The provisions set forth in this Section 12.4 shall be subject to such modification, retroactively if required, without necessity of formal amendment to the Plan, as may be necessary in order to cause the termination of the Plan and/or trust and any distributions made pursuant thereto and to conform to any requirements which may be imposed by the Internal Revenue Service to prevent disqualification of the Plan and/or Trust, and no such modification shall be deemed prejudicial to the interest of any Participant or Beneficiary. Furthermore, these provisions may be modified retroactively by an amendment to the Plan to change the priority and method of allocation of the Fund on termination of the Plan, provided such amendment does not adversely affect the qualification of the Plan under Section 401(a) of the Internal Revenue Code or increase the amount returned to the City.

12.5 Distribution of the Fund

(a) Upon termination of the Plan, the City may determine to distribute the assets of the Fund as soon as is practicable after such termination. In such event, the Board, in its discretion, shall distribute the Retirement Income Accounts and the amount determined under Section 12.4 to be distributable with respect to the Accrued Pension Benefits to Participants or their Beneficiaries by the purchase of annuity contracts, or by liquidating the Fund and distributing the assets to Participants, or partially by one method and partially by another, or in any manner as may be established or required by law.

(b) As an alternative to immediate distribution of the Trust, the City, in its discretion, and subject to its option at any time to require the complete distribution of the Trust to the then Participants, may defer

commencement of benefits to any Participant who has not reached an event that would otherwise entitle such Participant to commence benefits under Sections 6.1, 6.2, 6.3, 6.5, or 6.6 until such Participant reaches an event which would otherwise entitle him or her to benefit commencement, at which time the provisions of Sections 7.1 - 7.5 shall become applicable.

(c) If the City invokes the application of Section 12.6(b), then during the interim period, there shall be established and maintained a separate account in the name of each Participant, based upon the values established pursuant to Sections 12.4. The separate account shall thereafter define and measure the amount available for benefits distributable to the Participant, and there shall be credited or charged thereto any income, expenses, gains, or losses (whether or not realized, based upon fair market value of invested assets) attributable or allocable thereto as of each trust valuation date (or the date of complete distribution of the trust) with respect to the period since the last valuation date.

ARTICLE 13

MISCELLANEOUS PROVISIONS

13.1 Limitations on Liability of City

(a) **No Rights Except as Provided by Law, Plan Provision, or Terms of Insurance or Annuity Policy**

Neither the establishment of the Plan or Trust, nor any modification thereof, nor the creation of any fund or account, nor the payment of any benefits, shall be construed as giving to any Participant or other person any legal or equitable right against the City (or any person connected therewith), the Trustee, the Board, the Administrator, any custodian, trustee, or any insurance company, except as provided by law, by any Plan provision or by the terms of any insurance or annuity policy.

(b) **City Does Not Guarantee the Trust**

The City does not in any way guarantee the Trust from loss or depreciation, nor does the City guarantee the payment of any money which may be or become due to any person from the Trust. Any person having a right or claim under the Plan shall look solely to the Fund, and in no event shall the City (or any person connected therewith) be liable to any person on account of any claim arising by reason of the provisions of the Plan or of any instrument or instruments implementing its provisions, or for the failure of any Participant, Beneficiary, or other person to be entitled to any particular tax consequences with respect to the Plan, the Trust, or any contribution thereto or distribution therefrom.

(c) **City Not Liable for Failure to Make Contributions**

The City shall not be liable to any person for failure on its part to make contributions as provided in Section 4.2 or 4.3, nor shall any action lie to compel the City to make such contributions.

(d) **City Not Liable for Failure of Plan to Qualify Under Internal Revenue Code**

The City (or any person connected therewith) shall not have any liability to any person by reason of the failure of the Plan to maintain qualified status under Section 401(a) of the Internal Revenue Code, or the failure of the Trust to attain and/or maintain tax-exempt status under Section 501(a) of the Internal Revenue Code, regardless of the reason for such failure.

13.2 Construction

(a) **General Rules of Constriction**

For all purposes of the Plan, where the context admits, the singular shall include the plural, and the plural shall include the singular, and references to persons shall include individuals, receivers, trustees, guardians, fiduciaries, corporations, partnerships, associations, estates, and trusts. Headings of sections, subsections, and paragraphs are inserted only for convenience of reference and are not to be considered in the construction of the Plan.

(b) **Intended to Comply with Requirements for Qualification Under Internal Revenue Code**

The Plan is intended to comply with all requirements for qualification under Section 401(a) of the Internal Revenue Code, and, if any provision of the Plan is subject to more than one interpretation or construction, such ambiguity shall be resolved in favor of that interpretation or construction which is consistent with the Plan being so qualified.

(c) **References to Government Regulations**

References in this Plan to regulations issued by the Internal Revenue Service, the Department of the Treasury or other government agencies shall include all regulations, rulings, procedures, releases, and other position statements issued by any such agency.

(d) **Severability**

In case any provision of the Plan shall be held to be illegal or void, such illegality or invalidity shall not affect the remaining provisions of the Plan, but shall be fully severable and the Plan shall be construed and enforced as if said illegal or invalid provisions had never been inserted herein.

(e) **Laws of Commonwealth of Virginia Shall Govern**

All questions pertaining to the validity, construction, and administration of the Plan, and the validity of its respective provisions, shall be determined in accordance with the laws of the Commonwealth of Virginia, except to the extent superseded by the Internal Revenue Code.

13.3 Miscellaneous

(a) **Non guarantee of Employment**

Participation under the Plan shall not give any participant the right to be retained in the service of the City or any right or claim to any benefit under the Plan, unless such right or claim to such benefit has specifically accrued hereunder.

(b) **Counsel**

The City, the Board, and the Administrator may consult with legal counsel, who may also serve as counsel for the City, the Administrator, or the Board (as the case may be), with respect to the meaning or construction of this Plan and the Trust Agreement, their respective obligations or duties hereunder, or with respect to any action or proceeding or any question of law, and they shall be fully protected with respect to any action taken, or omitted by them in good faith pursuant to the advice of legal counsel.

(c) **Prohibition Against Assignment of Benefits**

(1) Except as provided below or as specifically provided by law, no benefit payable at any time under this Plan shall be subject in any manner to anticipation, alienation, attachment, garnishment, sale, transfer, assignment (either at law or in equity), execution, levy, pledge, encumbrance, charge, or other legal and equitable process.

(2) The prohibitions of subsection (c)(1) shall not preclude, and the trustee (at the direction of the Administrator or to the extent necessary to comply with a directive of a court or other government agency of competent jurisdiction) shall honor (i) the enforcement of a federal tax levy made pursuant to Section 6331 of the Internal Revenue Code; (ii) the collection by the United States on a judgment resulting from an unpaid tax assessment or (iii) the creation, assignment, or recognition of a right to any benefit payable with respect to a participant pursuant to a "qualified domestic relations order."

(3) Furthermore, the prohibitions of subsection (c)(1) shall not preclude any arrangement for: (a) the withholding of taxes from Plan benefit payments, (b) the recovery by the Plan of overpayments of benefits previously made to a Participant, (c) the transfer of benefit rights from the Plan to another plan, or (d) the direct deposit of benefit payments to an account in a banking institution (if not part of an arrangement constituting an assignment or alienation).

(4) Notwithstanding the foregoing, a Participant's benefit under the Plan may be offset by the amount that the Participant is ordered or required to pay to the Plan if:

(i) the order or requirement to pay arises (i) under a judgment of conviction for a crime involving the Plan or the Fund, or (ii) under settlement agreement or a civil judgment (including a consent order or decree) entered by a court in an action brought in connection with a violation (or alleged violation) of a fiduciary or other obligation of the Participant with respect to the Plan or the Fund, and

(ii) the judgment, order, decree, or settlement agreement expressly provides for the offset of all or part of the amount ordered or required to be paid to the Plan against the Participant's benefits provided under the Plan.

(5) For the purposes hereof, a qualified domestic relations order shall mean a judgment, decree, or order made pursuant to a state domestic relations law which relates to the provision of child support, alimony payments, or marital property rights, and

(i) which clearly specifies:

a. the names and last known mailing addresses of the participant and each payee;

b. the amount or percentage of the participant's benefits to be paid by this Plan to each payee (or the manner in which such amount or percentage is to be determined);

c. the number of payments or period to which such order relates;

(ii) which does not:

a. require the Plan to provide any type or form of benefit, or any option, not otherwise provided under this Plan (including any pre-retirement death benefit to an alternate payee who is a former spouse, or the payment or commencement of any benefit prior to the Participant's Termination Date or, if later, the first date on which the Participant would be entitled to distribution or commencement of benefits under the Plan);

b. require the Plan to provide increased benefits (determined on the basis of actuarial value); or

c. require the payment of the same benefits to any alternate payee which are payable to another alternate payee pursuant to a prior qualified domestic relations order.

(6) For purposes of the Plan, a qualified domestic relations order may:

(i) Treat an alternate payee as a spouse for purposes of Section 7.2(a)(2) (but not for any other purpose, including Section 5.15 and Section 6.9(b));

(ii) Designate the alternate payee as a Beneficiary for purposes of Section 6.9 (but not as a surviving spouse for purposes of Section 6.9(b)); and

(iii) Either:

a. Provide that a portion of any benefit payment that would otherwise be paid to the Participant shall instead be paid to the alternate payee at the same time that it would have been paid to the Participant, or

b. Upon the Participant's Termination Date, divide the Participant's Accrued Benefit into two separate benefits: one benefit for the alternate payee's sole interest, and one benefit (the remaining portion of the Participant's Accrued Benefit) for the Participant's sole interest, such that the Administrator may and shall deal separately and exclusively with each party with respect to that party's benefit, and neither the other party nor the other party's estate, future spouse if any, Beneficiaries, heirs or assigns shall have any rights with respect thereto. In such event, the alternate payee may elect to have the portion of the Participant's Accrued Benefit assigned to the alternate payee paid in any form of payment (other than a joint and survivor annuity with a subsequent spouse as the contingent annuitant) which would be available to the Participant under the Plan as of the date of the commencement of benefits to the alternate payee. In the absence of a written election by the alternate payee in accordance with the terms of the

Plan, the alternate payee's benefit shall be paid in the form of a life annuity.

(d) **Cooperation of Parties**

All parties to this Plan and any person claiming any interest hereunder agree to perform any and all acts and execute any and all documents and papers that are necessary or desirable for carrying out this Plan or any of its provisions.

(e) **Incapacity**

If the Administrator shall receive evidence satisfactory to it that a Participant or Beneficiary entitled to receive any benefit under the Plan is, at the time when such benefit becomes payable, a minor, or is physically or mentally incompetent to receive such benefit and to give a valid release for such benefit, and that another person or an institution is then maintaining or has custody of such Participant or Beneficiary, and that no guardian, committee or other representative of the estate of such Participant or Beneficiary shall have been duly appointed, the Administrator may determine to make payments of such benefit otherwise payable to such Participant or Beneficiary to such other person or institution, including a custodian under a Uniform Gifts to Minors Act, or corresponding legislation (who shall be an adult, a guardian of the minor, or a trust company), and such payments shall, to the extent made, be deemed a complete discharge of any liability for such payments under the Plan.

IN WITNESS WHEREOF, the City has caused these presents to be executed by its City Manager on this 12th day of November, 2013.

CITY OF ALEXANDRIA

By: _____

Rashad M. Young, City Manager

Thomas Gates for City Manager

APPROVED AS TO FORM:

_____

DEPUTY CITY ATTORNEY

APPENDIX A

ACTUARIAL ASSUMPTIONS

This Appendix A lists all of the Actuarial Assumptions necessary to be included in a Plan document. This Appendix, which may be amended from time to time by the Board (without the necessity of formal amendment to the Plan) to make necessary adjustments in the Actuarial Assumptions, is intended to be incorporated by reference into and made a part of the Plan. Except as otherwise permitted by law, no amendment to this Appendix A shall reduce any Participant's Accrued Pension Benefit calculated as of the later of the effective date or the adoption of such an amendment.

Actuarial Equivalence

(Non-Disabled Participants):

1.	Interest Rate:	7.5% (compounded annually)
2.	Mortality:	Participant – 1983 Group Annuity Mortality Table for males, with ages set back one year. Contingent Annuitant – 1983 Group Annuity Table for females, with no set forward or set back.
3.	Cost of Living:	3% (subject to overall Plan limits).

(Disabled Participants – For Determining Actuarial Equivalence under Section 5.13(a), Section 5.15, Section 5.18(a)(4), Section 5.18(b)(4), and Section 5.19):

1.	Interest Rate:	7.5% (compounded annually)
2.	Mortality:	Participant – 1983 Group Annuity Mortality Table for males, with ages set forward nine years. Contingent Annuitant – 1983 Group Annuity Table for females, with no set forward or set back.
3.	Cost of Living:	3% (subject to overall Plan limits).

(For Conversion of City Funded Retirement Income Account Under Section 5.18 and for Determining Actuarial Equivalence under

Section 5.13 – Other Than Section 5.13(a), and Section 5.18 – Other Than Section 5.18(a)(4) and Section 5.18(b)(4)):

1.	Interest Rate:	7.5% (compounded annually)
2.	Mortality:	Participant – 1983 Group Annuity Mortality Table for males, with ages set forward three years, assuming no pre-retirement mortality. Contingent Annuitant – 1983 Group Annuity Table for females, with no set forward or set back.
3.	Cost of Living:	3% (subject to overall Plan limits).

APPENDIX B

CITY OF ALEXANDRIA FIREFIGHTERS AND POLICE OFFICERS PENSION RESTORATION PLAN

(a) This Appendix B shall constitute a qualified governmental excess benefit arrangement, as described in Section 415(m) of the Internal Revenue Code. The City of Alexandria Firefighters and Police Officers Pension Restoration Plan (the "Restoration Plan") shall be deemed a separate portion of the Pension Plan which is maintained solely for the purpose of providing to Participants in the Pension Plan whose Accrued Pension Benefit exceeds the limitations imposed by Section 415 of the Internal Revenue Code as a result of an election to exchange the Participant's City Funded Retirement Income Account for Pre-2004 Credited Service pursuant to Section 3.4 of the Pension Plan. Under the Restoration Plan, no election shall be provided at any time to a Participant (directly or indirectly) to defer compensation. Furthermore, no benefits under the Restoration Plan shall be paid from the Trust maintained to fund the Plan.

(b) In accordance with Section (a) above, any Participant in the Plan whose Accrued Pension Benefit exceeds the limitations imposed by Section 415 of the Internal Revenue Code as a result of an election to exchange the Participant's City Funded Retirement Income Account for Pre-2004 Credited Service pursuant to Section 3.4 of the Pension Plan shall receive such excess amount under the Restoration Plan, subject to applicable taxes. Payments from the Restoration Plan shall be made to Participants at the same time and in the same form as annuity payments are made to Participants under the Pension Plan with respect to the Participant's Accrued Pension Benefit. In no event shall any portion of any payment due under the Restoration Plan be paid in a form other than an annuity form under Section 7.2(a) or (b) (i.e., no amount may be paid in a single lump sum).

(c) All of the terms and conditions of the Pension Plan, to the extent not inconsistent with the Restoration Plan, shall control the rights and benefits of Participants and Beneficiaries under the Restoration Plan. In this regard, a Participant's Beneficiary designation under the Pension Plan (and all rules of the Pension Plan incident to such designation) shall control for purposes of the Restoration Plan.

(d) Participants and their Beneficiaries under the Restoration Plan shall have solely those rights of an unsecured creditor of the City. No assets of the City shall be deemed to be held in trust for any Participants and Beneficiaries, nor shall any assets be considered security for the performance of obligations of the City. The City's obligation under the Restoration Plan shall be unsecured.

(e) The Restoration Plan is an unfunded plan maintained to provide retirement benefits for Restoration Plan Participants. Any Participant's benefit under the

Restoration Plan is maintained for recordkeeping purposes only and is not to be construed as funded. Notwithstanding the unfunded status of the Restoration Plan, the City may establish a grantor trust to hold assets under the Restoration Plan. Any assets set aside, including any assets transferred to a trust or purchased by the City with respect to amounts payable under the Restoration Plan, shall be subject to the claims of the City's general creditors, and no person other than the City shall, by virtue of the provisions of the Restoration Plan, have any interest in such assets.

(f) Notwithstanding anything in the Pension Plan to the contrary, no Participant or Beneficiary shall have any right to commute, sell, pledge, assign, transfer, or otherwise convey the right to receive any payment under the Restoration Plan, and any attempt to accomplish the same shall be void. The right to any payment of benefits shall be non-assignable and non-transferable. Such right to payment shall not be subject to legal process or levy of any kind.

APPENDIX C

COVERED EMPLOYEE

The purpose of this Appendix is to clarify and delineate which Employees are Covered Employees under the Plan. This Appendix may be amended from time to time by the City Manager (after consultation with the Board), without the necessity of formal amendment to the Plan, to make necessary adjustments in positions included or excluded under the definition of a Covered Employee. This Appendix, as amended from time to time, is intended to be incorporated by reference into and made a part of the Plan. The following positions are specifically included under the definition of a Covered Employee:

POSITION	CODE
Police Officer I	PS-4045/09
Police Officer II	PS-4049/09
Police Officer III	PS-4046/11
Police Officer IV	PS-4049/12
Police Sergeant	PS-3057/14
Police Lieutenant	PS-2012/16
Police Captain	PS-2013/19
Deputy Police Chief	PS-1063/22
Police Chief	GS-1062/31
Firefighter Rescuer	PS-4077/09
Firefighter I	PS-4075/09
Firefighter II	PS-4074/10
Fire Lieutenant	PS-3833/14
Fire Captain	PS-2010/16
Fire Battalion Chief	PS-1116/20
Assistant Fire Chief	PS-1234/22
Fire Chief	GS-1079/31 (other than the Employee who was serving as the Fire Chief on the Effective Date)