

**CITY OF ALEXANDRIA  
SUPPLEMENTAL RETIREMENT PLAN  
January 1, 2014 Restatement**

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## **PREAMBLE**

The City of Alexandria Supplemental Retirement Plan, originally effective as of August 1, 1970, is hereby amended and restated in its entirety. The Plan, as amended and restated hereby, is intended to qualify as a defined benefit pension plan under Code Section 401(a) and is a governmental plan under Code Section 414(d) and Section 3(32) of the Employee Retirement Income Security Act of 1974, as amended. The Plan is maintained for the exclusive benefit of eligible employees and their beneficiaries.

Except as otherwise specifically provided in the Plan, this amended and restated Plan shall be effective as of January 1, 2014, and the rights of any person who did not have an Hour of Service under the Plan on or after January 1, 2014, shall generally be determined in accordance with the terms of the Plan as in effect on the date for which he was last credited with an Hour of Service.

Notwithstanding the foregoing, the following special effective dates shall apply:

- (a) The provisions relating to direct rollovers of after-tax employee contributions to any qualified trust or annuity plan described in Code Section 401(a) or 403(a) or an annuity contract described in Code Section 403(b) as set forth in Section 10.5(b) apply to distributions on or after January 1, 2007.
- (b) The provisions relating to direct rollovers to Roth IRAs as set forth in Section 10.5(a) apply to distributions on or after January 1, 2008.
- (c) The provisions relating to minimum distribution requirements as set forth in Section 10.6 apply for calendar years beginning with the 2003 calendar year.
- (d) The limitations on retirement benefits in Article XI are effective for Limitation Years beginning on or after January 1, 2008.

Any provision which is contained in this amended and restated Plan (as the same may be further amended from time to time) and which is required to be effective before January 1, 2014, in order to retain the qualification of the Plan under Code Section 401(a) shall, nevertheless, be effective as of its required effective date under the Code.

**ARTICLE I  
DEFINITIONS**

**1.1 Plan Definitions**

As used herein, the following words and phrases, when they appear with initial letters capitalized as indicated below, have the meanings hereinafter set forth:

- (a) An “**Active Participant**” means a Participant who is accruing Credited Service under the Plan in accordance with the provisions of Article II.
- (b) A Participant’s “**Accrued Benefit**” shall mean, as of any date prior to the Participant’s Normal Retirement Date, a monthly benefit, commencing on the Participant’s Normal Retirement Date and continuing for his life, calculated in the same manner as a normal retirement benefit and based upon the Credited Service earned by such Participant and the Participant’s Average Earnings as of the date of determination. As of the Participant’s Normal Retirement Date, the Participant’s Accrued Benefit shall be the monthly retirement benefit described in Section 4.2.
- (c) A Participant’s “**Accumulated Contributions**” as of any date means the sum of the following:
  - (1) the total of the Participant’s Mandatory Employee Contributions, plus interest;
  - (2) the total of the Participant’s Pick Up Contributions, plus interest; and
  - (3) the total of the Participant’s Supplemental Employee Contributions, plus interest.

A Participant’s Accumulated Contributions shall include any amount contributed by the City as a Pick-Up Contribution notwithstanding that the amount of such Pick-Up Contribution was funded by the City and was not withheld from the Employee’s compensation.

Interest on a Participant’s Mandatory Employee Contributions and Pick Up Contributions shall be compounded annually from the end of the Plan Year for which the contribution was made to the first day of the month coinciding with or immediately preceding the date of determination as follows:

- (1) For contributions made prior to July 1, 1982, at two percent.
- (2) For contributions made on or after July 1, 1982, with respect to periods prior to July 1, 1990, at five percent.

(3) For contributions made on or after July 1, 1982, with respect to periods after June 30, 1990 and before January 1, 2005, at 120 percent of the Federal mid-term rate as in effect under Code Section 1274 for the first month of the Plan Year.

(4) For contributions made on or after July 1, 1982, with respect to periods after December 31, 2004, at five percent.

Interest on a Participant's Supplemental Employee Contributions shall be compounded annually from the end of the Plan Year for which the contribution was made to the first day of the month coinciding with or immediately preceding the date of determination at two percent.

- (d) The “**Actuarial Equivalent**” of a value means the actuarial equivalent determined using the mortality table adopted by the Administrator in accordance with this Section 1.1(d) and PBGC interest rates used at the beginning of each Plan Year, except that in determining the present value of a Participant's Accrued Benefit under the Plan for purposes of a single sum payment, the interest rate used shall be the annual rate of interest on 30-year Treasury securities for the second calendar month preceding the Plan Year in which the distribution is made, and the mortality table shall be the prevailing commissioners' standard table, described in Code Section 807(d)(5)(A), used to determine reserves for group annuity contracts issued on the date as of which present value is being determined (without regard to any other subparagraph of Code Section 807(d)(5)).

The Administrator shall adopt the mortality table determined by the Actuary as appropriate for use in determining actuarial equivalence under the Plan, and such mortality table shall be set forth in the Addendum to the Plan. The Administrator shall adopt new or revised mortality tables at such future times as determined appropriate by the Actuary, and any such new or revised mortality table shall be set forth in the Addendum to the Plan. No pension or other benefit earned prior to the time of the adoption of a mortality table under this Section 1.1(d) shall be reduced as a result thereof, except to the extent necessary to enable the Plan to meet the requirements for qualification under the Code or the requirements of any governmental authority.

For purposes of this paragraph, the “PBGC interest rate” means the immediate or deferred rates utilized by the Pension Benefit Guaranty Corporation for purposes of determining the present value of a lump sum distribution on Plan termination as in effect at the beginning of the Plan Year in which the present value of the Participant's benefit is being determined. For Participants who have reached Normal Retirement Date at the time present value is being determined, the PBGC interest rate shall be the immediate rate. For Participants who have not yet reached Normal Retirement Date at the time present value is being determined, the PBGC rate shall be the deferred rate.

- (e) The “**Actuary**” means an independent actuary selected by the City, who is an enrolled actuary as defined in Code Section 7701(a)(35), or a firm or corporation of actuaries having



such a person on its staff, which person, firm, or corporation is to serve as the actuarial consultant for the Plan.

- (f) The “**Administrator**” means the City Manager or the person or persons designated by the City Manager pursuant to Section 13.6.
- (g) An “**Affiliate**” means any agency, instrumentality or other entity which must be aggregated with the City for a relevant purpose under Code Section 414.
- (h) “**Annual Additions**” means 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 Code Section 415: 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 Code Section 414(h)(2)); and amounts credited after March 31, 1984 to a Participant’s individual medical account (within the meaning of Code Section 415(l)).
- (i) “**Annuity Starting Date**” means the first day of the first period for which an amount is paid as an annuity or, in the case of a single sum payment, the first day on which all events have occurred which entitle the Participant, or his Beneficiary , if applicable, to such benefit.

If a Participant whose Annuity Starting Date has occurred is reemployed by the City resulting in a suspension of benefits in accordance with the provisions of Section 10.1, for purposes of determining the form of payment of such Participant’s benefit upon his subsequent retirement, such prior Annuity Starting Date shall apply to benefits accrued both before and after the Participant’s reemployment.

- (j) A Participant’s “**Average Earnings**” means the average monthly Earnings of a Participant over any thirty-six (36) consecutive full calendar months of Credited Service (during the one hundred eighty (180) full calendar months preceding the Participant’s Employment Severance Date) that produces the highest average. In the event a Participant’s relevant period of Credited Service consists of less than thirty-six (36) consecutive full calendar months, the Participant’s Average Earnings shall be determined by averaging (on a monthly basis) the Participant’s Earnings during the number of full calendar months of Credited Service.

Notwithstanding the forgoing, in no event shall a Participant’s Accrued Benefit be less than the Participant’s Accrued Benefit as of February 22, 2005 (calculated based on the Participant’s Average Earnings and Credited Service as of such date, and ignoring any Earnings or Credited Service after such date).

- (k) A Participant’s “**Beneficiary**” means the person or persons designated by the Participant in accordance with Section 8.3 or 9.2 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 Code Section 401(a)(9) and Treas. Reg. §1.401(a)(9)-4.

- (l) The “**Board**” means the Retirement Plan Board that is established under Article XIII to manage the assets of the Plan.
- (m) “**City**” means the City of Alexandria. Where required by the context of the Plan, the term City shall also include the Commonwealth of Virginia Department of Health, Division of Community Health Services with respect to employees who work for the Alexandria Health Department.
- (n) “**City Council**” means the Alexandria City Council.
- (o) A “**City Representative**” means a member of the Board who is nominated by the City Manager pursuant to Section 13.2.
- (p) The “**Code**” means the Internal Revenue Code of 1986, as amended from time to time. Reference to a Code section shall include (i) such section and any comparable section or sections of any future legislation that amends, supplements, or supersedes such section and (ii) all rulings, regulations, notices, announcements, and other pronouncements issued by the U.S. Treasury Department, the Internal Revenue Service, and any court of competent jurisdiction that relate to such section and that are applicable to governmental plans.
- (q) A Participant’s “**Credited Service**” means his period of service for purposes of determining the amount of any benefit for which he is eligible under the Plan, as computed in accordance with the provisions of Article II.
- (r) “**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 10.6(a)(2).
- (s) The “**Earnings**” for an Employee means basic compensation from the City for services as an Employee, excluding overtime, commissions, bonuses, and other additional compensation. Earnings for a Part-Time Employee shall be determined by converting the basic compensation for such Part-Time Employee to an equivalent full-time amount. Earnings for a member of the City Council means the basic compensation that is paid to a member of the City Council and treated as wages under Code Section 3401(a). Earnings shall include any amount contributed by the City on behalf of an Employee to a plan described in Code Section 457(b) or that would otherwise be included as Earnings but for the fact that it is subject to a salary reduction agreement under a plan described in Code Section 125, 132(f), or 457(b).

Earnings with respect to any Plan Year shall not exceed \$255,000, as adjusted for cost of living increases in accordance with Code Section 401(a)(17)(B). The cost of living adjustment in effect for a calendar year applies to Earnings for the determination period that begins with or within such calendar year. Notwithstanding the foregoing, the annual Earnings limit for determination periods beginning before January 1, 2002, shall be \$150,000 for any determination period beginning in 1996 or earlier, \$160,000 for any determination period beginning in 1997, 1998, or 1999, \$170,000 for any determination period beginning in 2000 or 2001, \$200,000 for any determination period beginning in 2002 or 2003, \$205,000 for any determination period beginning in 2004, \$210,000 for any determination period beginning in 2005, \$220,000 for any determination period beginning in 2006, \$225,000 for any determination period beginning in 2007, \$230,000 for any determination period beginning in 2008, \$245,000 for any determination period beginning in 2009, 2010, or 2011, \$250,000 for any determination period beginning in 2012, and \$255,000 for any determination period beginning in 2013.

(t) An “**Employee**” means

(1) A member of the City Council.

(2) The Chief of the Fire Department (provided, however, that the term “Employee” shall not include any individual serving as Chief of the Fire Department if such individual is covered by the City of Alexandria Firefighters and Police Officers Pension Plan).

(3) A regular Full-Time or Part-Time Employee of the City who is classified as the Sheriff, a deputy sheriff, an emergency medical technician or a fire marshal.

(4) Any other individual who is treated by the City as a regular Full-Time or Part-Time Employee of the City for payroll purposes other than (i) a police officer or firefighter covered by another pension plan to which the City makes contributions, or (ii) any employee of the City school system (individuals referenced in (1), (2), (3) and (4) are collectively referred to as a “**City Employee**”).

(5) Any individual employed by the Commonwealth of Virginia Department of Health, Division of Community Health Services who works for the Alexandria Health Department on a full-time basis (a “**Health Department Employee**”).

For this purpose, a “**Full-Time Employee**” means the Chief of the Fire Department (provided, however, that the term “Employee” shall not include any individual serving as Chief of the Fire Department if such individual is covered by the City of Alexandria Firefighters and Police Officers Pension Plan), any member of the City Council and any other City Employee who is classified and treated by the City as a regular full-time general employee. The term “Full-Time Employee” also includes any Health Department Employee who is treated by the City as a regular full-time general employee for purposes of this Plan. A

**“Part-Time Employee”** means any City Employee who is classified and treated by the City as a part-time general employee and who is scheduled to work at least twenty (20) hours per week. The term “Part-Time Employee” does not include any Health Department Employee.

For purposes of the Plan, a member of the City Council is deemed to be in the employment of the City during the period such individual is serving as a member of the City Council.

Seasonal employees and employees who are not classified and treated by the City or the Commonwealth of Virginia, Department of Health as regular general employees are not considered “Employees” for purposes of the Plan and are not eligible to participate in the Plan.

For purposes of the Plan, any **“Leased Employee,”** other than an excludable Leased Employee, shall be treated as an employee of the City; provided, however, that no “Leased Employee” shall become an Employee or shall accrue a benefit hereunder based on Service as a “Leased Employee.”

A **“Leased Employee”** means any person who performs services for the City (the “Recipient”) (other than an employee of the recipient) pursuant to an agreement between the recipient and any other person (the “Leasing Organization”) on a substantially full-time basis for a period of at least one (1) year, provided that such services are performed under the primary direction or control of the recipient. An “excludable leased employee” means any Leased Employee of the recipient who is covered by a money purchase pension Plan maintained by the Leasing Organization which provides for (i) a nonintegrated employer contribution on behalf of each Participant in the Plan equal to at least ten percent of compensation, (ii) full and immediate vesting, and (iii) immediate participation by employees of the Leasing Organization (other than employees who perform substantially all of their services for the Leasing Organization or whose compensation from the Leasing Organization in each Plan year during the four-year period ending with the Plan year is less than \$1,000); provided, however, that leased employees do not constitute more than 20 percent of the recipient’s nonhighly compensated work force. For purposes of this Section, contributions or benefits provided to a Leased Employee by the Leasing Organization that are attributable to services performed for the recipient shall be treated as provided by the recipient.

Notwithstanding anything to the contrary, the term Employee shall not include any individual classified by the City as working or providing services in a capacity other than as an Employee (including, without limitation, a person classified as an independent contractor or any person performing services for the City under a contract between the City and a leasing or other third party organization), notwithstanding the later reclassification, by a court or any governmental agency, of the person as a common law employee of the City.

To the extent that this Plan refers to termination of employment with the City or retirement from the City, a Health Department Employee shall be deemed to have terminated

employment, or retired from employment, with the City when he or she ceases to be an Employee.

- (u) A Participant's "**Employee Derived Benefit**" as of any date means an amount equal to the Participant's Accumulated Contributions expressed in the normal form of benefit as a monthly benefit commencing at Normal Retirement Date. A Participant's Employee Derived Benefit shall be deemed to include Pick-Up Contributions funded by the City notwithstanding that such amount was not withheld from the Employee's compensation.
- (v) A Participant's "**Employer Derived Benefit**" as of any date means the excess, if any, of his Accrued Benefit as of such date over his Employee Derived Benefit as of such date.
- (w) An Employee's "**Employment Commencement Date**" means the date he first completes an Hour of Service or, in the case of an Employee who has incurred an Employment Severance Date, the first date following his Employment Severance Date on which he again completes an Hour of Service. In the case of the City Council, the Employment Commencement Date means the date on which a member is sworn in as and officially becomes a member of the City Council.
- (x) An Employee's "**Employment Severance Date**" means the date on which he retires, dies, or his active employment as an Employee is otherwise terminated. An Employee's Employment Severance Date is deemed to have occur on the last day on which he is actively at work for the City; provided, however, that his Employment Severance Date shall not occur due to absence from active work because of sickness, injury, leave of absence, or layoff, unless or until he retires, dies, or his employment it otherwise terminated. Notwithstanding the foregoing, an Employee's Employment Severance Date shall not occur if he is absent from work with the City on account of service with the armed forces of the United States, he is eligible for reemployment rights under the Uniformed Services Employment and Reemployment Rights Act of 1994, and he returns to work with the City within the period during which he retains such reemployment rights, but, if he does not return to work within such period, his Employment Severance Date shall be the date his absence commenced. A member of the City Council shall be deemed to have reached his Employment Severance Date on the day he ceases to be a member of the City Council.
- (y) An "**Entry Date**" means the first day of each calendar month.
- (z) The "**Funding Agent**" means the person or persons which at the time shall be designated, qualified, and acting under the Funding Agreement and shall include (i) any trustee for a trust established pursuant to the Funding Agreement, (ii) any insurance company that issues an annuity or insurance contract pursuant to the Funding Agreement, or (iii) any person holding assets in a custodial account pursuant to the Funding Agreement. The City may designate a person or persons other than the Funding Agent to perform any responsibilities of the Funding Agent under the Plan, and the Funding Agent shall not be liable for the performance

of such person in carrying out such responsibilities. The term Funding Agent shall include any delegate of the Funding Agent as may be provided in the Funding Agreement.

- (aa) The “**Funding Agreement**” means the agreement entered into between the City and the Funding Agent relating to the holding, investment, and reinvestment of the assets of the Plan, together with all amendments thereto and shall include any agreement establishing a trust (including, without limitation, a master trust used to fund more than one retirement plan of the City, provided separate trust accounts are established for each such plan funded under the master trust), a custodial account, an annuity contract, or an insurance contract (other than a life, health or accident, property, casualty, or liability insurance contract) for the investment of assets; provided, however, that any custodial account or contract established hereunder meets the requirements of Code Section 401(f).
- (bb) An “**Hour of Service**” with respect to any Employee means each hour for which he is paid, or entitled to payment, for the performance of duties for the City as an Employee.
- (cc) “**Life Expectancy**” means life expectancy as computed by use of the Single Life Table in Treas. Reg. §1.401(a)(9)-9, as amended from time to time.
- (dd) “**Limitation Year**” means the Plan Year.
- (ee) A Participant’s “**Mandatory Employee Contributions**” mean
  - (1) with respect to Participants who are Health Department Employees, the after-tax contributions required to be made by a Participant to accrue a benefit hereunder.
  - (2) with respect to Participants who are City Employees, the after-tax contributions made by the Participant prior to July 1, 1982 to accrue a benefit under the Plan as in effect prior to such date.
- (ff) A Participant’s “**Normal Retirement Date**” means
  - (1) with respect to the Chief of the Fire Department or a Full-Time Employee who is the Sheriff, or who is classified by the City as a deputy sheriff, emergency medical technician, or fire marshal:
    - (i) for purposes of benefit eligibility, the earlier of the date such Participant (A) attains age 65, or (B) attains age 50 with 25 years of Service as the Chief of the Fire Department, the Sheriff, or as a deputy sheriff, emergency medical technician, or fire marshal, and
    - (ii) for all other purposes, the first day of the month coinciding with or immediately following such date.

- (2) with respect to all other Full-Time Employees:
  - (i) for purposes of benefit eligibility, the earlier of (A) the date the Participant attains age 65, or (B) the date the Participant attains age 50 with 30 years of Service, and
  - (ii) for all other purposes, the first day of the month coinciding with or immediately following such date.
- (3) with respect to Part-Time Employees:
  - (i) for purposes of benefit eligibility, the later of (A) the date the Participant attains age 65, or (B) the fifth anniversary of the Participant's "participation commencement date," and
  - (ii) for all other purposes, the first day of the month coinciding with or immediately following such date.
- (gg) A Participant's "**Past Service Compensation**" means 1/12th of his fixed annual pay as of July 22, 1970, excluding bonuses, commissions, overtime and other special compensation.
- (hh) A "**Participant**" means any person who becomes eligible to participate in the Plan in accordance with the provisions of Article III and who retains an Accrued Benefit under the Plan.
- (ii) A "**Participant Representative**" means a member of the Board nominated pursuant to rules adopted under Section 13.3.
- (jj) The "**Pension Fund**" means the fund or funds maintained under the Funding Agreement for purposes of accumulating contributions made by the City and Employees and paying benefits under the Plan.
- (kk) A Participant's "**Pick Up Contributions**" mean:
  - (1) In the case of a City Employee who commenced participation in the Plan prior to July 1, 2009, "**Pick-Up Contributions**" mean the contributions contributed by the City to the Plan prior to July 1, 2009 on behalf of the Participant and which were treated as employer contributions pursuant to Code Section 414(h)(2).
  - (2) In the case of a City Employee (other than the Sheriff, a deputy sheriff, an emergency medical technician or a fire marshal) who commences or re-commences participation in the Plan on or after to July 1, 2009, "**Pick-Up Contributions**" mean the contributions required to be made by a Participant to accrue a benefit hereunder and which are treated as employer contributions pursuant to Code Section 414(h)(2).

- (ll) The “**Plan**” means this City of Alexandria Supplemental Retirement Plan, established effective August 1, 1970, as amended and restated by this instrument, with all amendments, modifications, and supplements hereafter made.
- (mm) A “**Plan Year**” means the 12-consecutive-month period ending each December 31.
- (nn) A Participant’s “**Required Beginning Date**” means April 1st following the later of (i) the calendar year in which the Participant attains age 70-1/2 or (ii) the calendar year in which such Participant retires from employment with the City.
- (oo) “**Remuneration**” means a participant’s wages as defined in Code Section 3401(a) 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 Code Sections 6041(d) and 6051(a)(3). 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. Remuneration does not include any employee contributions picked up by the City as described in Code Section 414(h)(2). 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 Code Section 457(b), 132(f), or 125. Remuneration with respect to any Limitation Year shall in no event exceed the dollar limit specified in Code Section 401(a)(17) (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.

“**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 constitute Earnings under Section 1.1(s)):

- (1) 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;
- (2) 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
- (3) For Plan years beginning on or after January 1, 2009, payments to Participants who do not currently perform services for the Employer 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 Employer 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 Code or exceed the dollar limit specified in Section 401(a)(17) of the Code applicable for the Plan Year, as adjusted from time to time by the Secretary of Treasury.

- (pp) A Participant's "**Service**" means his period of service for purposes of determining his eligibility for a benefit under the Plan, as computed in accordance with the provisions of Article II.
- (qq) A Participant's "**Supplemental Employee Contributions**" mean the after-tax contributions he made to the Plan in addition to his Mandatory Employee Contributions prior to February 1, 1972, pursuant to his election filed with the City prior to February 1, 1971.
- (rr) A Participant's "**Spouse**" means the person who is the Participant's lawful spouse.
- (ss) A "**Uniformed Fire Department Employee**" means an Employee who is a Participant and who is employed by the City in the Fire Department as a medic/emergency medical technician or a fire marshal.

## **1.2 Construction**

Where required by the context, the noun, verb, adjective, and adverb forms of each defined term shall include any of its other forms. Wherever used herein, the masculine pronoun shall include the feminine, the singular shall include the plural, and the plural shall include the singular. The Plan is intended to comply with all applicable requirements for qualification of a governmental plan under Code Section 401(a) 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.

**ARTICLE II**  
**SERVICE & CREDITED SERVICE**

**2.1 Service and Credited Service**

Each person who is an Employee shall be credited with Service and Credited Service for purposes of the Plan as follows:

- (a) Service shall be computed in completed full years treating each 365 days of Service as a completed full year of Service.
- (b) If he is a Full-Time Employee, he shall be credited with Service and Credited Service for the period beginning on his Employment Commencement Date and ending on his Employment Severance Date. Credited Service shall be computed in completed full years and fractions of years treating each full month for which he is credited with Credited Service as 1/12th year of Credited Service. If a Full-Time Employee is credited with Credited Service for a portion of a month that is equal to at least 15 days, his Credited Service shall be rounded up to the next highest 1/12th.
- (c) If he is a Part-Time Employee, he shall be credited with Service and Credited Service for the period beginning on the later to occur of (i) July 1, 1999 or (ii) his Employment Commencement Date and ending on his Employment Severance Date. Credited Service for a Part-Time Employee will be based on the Employee's regularly scheduled hours divided by 2,080. Monthly Credited Service for a Part-Time Employee shall be determined by further dividing the Employee's pro-rated Credited Service by 12; provided however, if a Part-Time Employee is credited with Credited Service for a portion of a month that is equal to at least 15 days, he shall be deemed to have worked for the entire month his Credited Service (so that the divisor for such month will be 1/12<sup>th</sup> notwithstanding that the Employee was not credited with Credited Service for the entire month). If an employee who is regularly scheduled to work less than 20 hours a week becomes regularly scheduled to work 20 or more hours a week after December 1 of a year and enters the Plan at that time, such Employee's Credited Service for his initial year of participation will be based on the number of hours the Employee is regularly scheduled to work on his Entry Date.
- (d) A Part-Time Employee who suspends his regular position to accept a temporary summer, seasonal position with the City at an increased rate of compensation or additional hours of work and who returns to his regular part-time position will receive credit for Service completed in such temporary summer, seasonal position. However, the Part-Time Employee shall not accrue Credited Service with respect to such temporary summer, seasonal position.
- (e) A Part-Time Employee who becomes a Full-Time Employee shall receive credit for Service as a Part-Time Employee from the later to occur of (i) July 1, 1999 or (ii) his Employment Commencement Date through his Employment Severance Date without regard to the pro-

ration requirement contained in Section 2.1 (c). However, Credited Service completed as a Part-Time Employee shall continue to be computed in accordance with the pro-ration rules contained in Section 2.1(c).

- (f) Notwithstanding the foregoing, no Service shall be credited to an Employee for periods in which he was required to, but did not, make Mandatory Employee Contributions to the Plan.
- (g) A member of the City Council shall receive credit for Service as a member of the City Council from his Employment Commencement Date through the member's Employment Severance Date. However, Credited Service shall be measured (based on Service as a member of the City Council) from the later of (i) July 1, 2003 or (ii) the Council member's Employment Commencement Date.

## **2.2 Employment In Another Capacity**

Notwithstanding the foregoing, the determination of a Participant's Service and Credited Service shall be subject to the following:

- (a) Any person who is employed by the City in a capacity other than as an Employee and who subsequently becomes an Employee shall be credited with Service and Credited Service beginning on the date he becomes an Employee (and his employment with the City prior to the date he becomes an Employee shall be ignored in determining Service and Credited Service under the Plan).
- (b) For purposes of determining Service or Credited Service, any person who ceases to be an Employee and who is subsequently employed by the City in a capacity other than as an Employee (even if he transfers from employment with the City as an Employee directly to other employment with the City in a capacity other than as an Employee), shall be deemed to have terminated employment with the City as of the date he ceases to be an Employee. However, such person shall not be deemed to have terminated his employment as an Employee for other purposes of the Plan until such time as he is no longer in the employment of the City.

## **2.3 Retirement or Termination and Reemployment**

If an Employee retires or otherwise terminates employment with the City, his eligibility for and the amount of any benefit to which he may be entitled under the Plan shall be determined based upon the Service and Credited Service with which he is credited at the time of such retirement or other termination of employment. If such retired or former Employee is reemployed by the City and if he had a vested interest in his Employer Derived Benefit at the time of his previous retirement or other termination of employment, the Service and Credited Service with which he was credited at the time of such prior retirement or other termination of employment shall be aggregated with the Service and Credited Service with which he is credited following his reemployment for purposes of determining his eligibility for and the amount of any benefit to which he may be entitled under the Plan upon his

subsequent retirement or other termination of employment. If a retired or former Employee is reemployed by the City and if he had no vested interest in his Employer Derived Benefit at the time of his previous retirement or other termination of employment, the Service and Credited Service with which he was credited at the time of such prior retirement or other termination of employment shall be lost and shall not be aggregated with the Service and Credited Service with which he is credited following his reemployment for purposes of determining his eligibility for and the amount of any benefit to which he may be entitled under the Plan upon his subsequent retirement or other termination of employment. Notwithstanding the foregoing, if the former Employee voluntarily terminated employment and certified, at such time and in such manner as required under rules prescribed by the Administrator, that he intended to return to covered employment within five years, and if he returns to covered employment within five years, then the Service and Credited Service with which he was credited at the time of his termination of employment shall be aggregated with the Service and Credited Service with which he is credited following his reemployment for purposes of determining his eligibility for and the amount of any benefit to which he may be entitled under the Plan upon his subsequent retirement or other termination of employment.

Notwithstanding the foregoing, if a Participant received a single sum payment of the present value of his vested Accrued Benefit as provided in Section 8.2 or 10.4, or a distribution of his Accumulated Contributions as provided in Section 9.1, in connection with his prior retirement or termination of employment, the Service and Credited Service with which he was credited at the time of such prior retirement or termination of employment shall be lost and shall not be aggregated with the Service and Credited Service with which he is credited following his reemployment for purposes of determining his eligibility for and the amount of any benefit to which he may be entitled under the Plan upon his subsequent retirement or other termination of employment.

Notwithstanding any other provision of this Section, if a retired or former Employee returns to employment with the City in a capacity other than as an Employee, he shall be deemed to have transferred directly to other employment with the City and he shall not receive Service or Credited Service with respect to his subsequent period of employment in a capacity other than an Employee.

#### **2.4 Finality of Determinations**

All determinations with respect to the crediting of Service and Credited Service under the Plan shall be made on the basis of the records of the City, and all determinations so made shall be final and conclusive upon Employees, former Employees, and all other persons claiming a benefit interest under the Plan. Notwithstanding anything to the contrary contained in this Article, there shall be no duplication of Service and Credited Service.

**ARTICLE III  
ELIGIBILITY FOR PARTICIPATION**

**3.1 Participation**

Participation in the Plan is mandatory.

Each City Employee who was hired on or after July 1, 1982, or who was hired prior to July 1, 1982 and made a one-time election to continue as an Active Participant hereunder, shall automatically participate in the Plan.

Each Employee who was an Active Participant immediately prior to January 1, 2014, shall continue as an Active Participant hereunder. Each other person shall become an Active Participant as of the Entry Date coinciding with or immediately following the date on which he becomes an Employee.

A City Employee (other than the Sheriff, a deputy sheriff, an emergency medical technician or a fire marshal) who commences or re-commences participation in the Plan on or after July 1, 2009 is required to make Pick-Up Contributions to the Plan in accordance with Section 3.2(b).

Notwithstanding the foregoing, no person who is a Health Department Employee shall become an Active Participant hereunder unless he makes Mandatory Employee Contributions to the Plan as provided in Section 3.3. A Health Department Employee who would otherwise have become an Active Participant hereunder as of an Entry Date but for his failure to make the required Mandatory Employee Contributions to the Plan shall become an Active Participant as of any subsequent Entry Date as of which he actually begins to make the required Mandatory Employee Contributions to the Plan.

**3.2 Pick Up Contributions**

Pick-Up contributions to the Plan shall be handled as follows:

- (a) In the case of a City Employee who commenced participation in the Plan prior to July 1, 2009, the City shall make a Pick-Up Contribution on behalf of such City Employee equal to two percent of his Earnings for periods prior to July 1, 2009. On and after July 1, 2009, no Pick-Up Contributions shall be required with respect to (i) a City Employee who commenced participation in the Plan prior to July 1, 2009, or (ii) the Sheriff, a deputy sheriff, an emergency medical technician or a fire marshal who commences or re-commences participation in the Plan on or after July 1, 2009 (i.e., the Plan shall be non-contributory with respect to these City Employees).
- (b) A City Employee (other than the Sheriff, a deputy sheriff, an emergency medical technician or a fire marshal) who commences or re-commences participation in the Plan on or after July 1, 2009, shall make Pick-Up Contributions to the Plan equal to two percent of his Earnings for the Plan Year. Such Pick-Up Contribution shall be deducted from the Earnings of such

City Employee on a pre-tax basis.

No Pick-Up Contributions shall be required to be made with respect to a Participant on or after the earliest of (1) the Participant's Employment Severance Date, (2) the date the Participant ceases to be an Employee, or (3) the Participant's Annuity Starting Date.

A Participant who commenced participation in the Plan prior to July 1, 2009, but reached his Employment Severance Date or ceased to be an Employee, and who re-commences participation in the Plan on or after July 1, 2009, shall be required to make the Pick-Up Contribution to the extent required under subsection (b) above and shall have the Pick-Up Contribution deducted from his Earnings on a pre-tax basis.

### **3.3 Mandatory Employee Contributions**

A Health Department Employee who commenced participation in the Plan prior to July 1, 2009 shall make Mandatory Employee Contributions to the Plan equal to two percent for periods prior to July 1, 2009. Effective July 1, 2009, a Health Department Employee who commenced participation in the Plan prior to July 1, 2009 shall make Mandatory Employee Contributions to the Plan equal to one percent of his Earnings for the Plan Year.

A Health Department Employee who commences or re-commences participation in the Plan on or after July 1, 2009 shall make Mandatory Employee Contributions to the Plan equal to two percent of his Earnings for the Plan Year.

A Health Department Employee must authorize the Commonwealth of Virginia to withhold the required Mandatory Employee Contributions to the Plan from his Earnings and to contribute such amounts to the Plan.

Notwithstanding the foregoing, a Health Department Employee shall no longer be required or eligible to make Mandatory Employee Contributions to the Plan beginning on the earliest of (1) the Participant's Employment Severance Date, (2) the date the Participant ceases to be an Employee, or (3) the Participant's Annuity Starting Date.

### **3.4 Suspension of Mandatory Employee Contributions and Pick-Up Contributions**

Any applicable Pick-Up Contributions required with respect to a Participant or any Mandatory Employee Contributions shall automatically be suspended in accordance with rules established by the Administrator during:

- (a) an unpaid temporary absence from active Service as a City Employee 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, or

- (b) any period during which a Participant is not eligible to accrue Credited Service under the Plan.

Applicable Mandatory Employee Contributions or Pick-Up Contributions shall automatically resume as of the date the Participant returns from such approved unpaid temporary leave of absence or is once more eligible to accrue Credited Service under the Plan.

To the extent that Mandatory Employee Contributions or Pick-Up Contributions are suspended with respect to a Participant pursuant to this Section, such Participant shall not accrue a benefit hereunder for the period such suspension is in effect; provided, however, that in the case of Pick-Up contributions suspended for a City Employee, the Administrator may (but is not required to) prescribe rules under which a City Employee can make Pick-Up Contributions (and receive Credited Service) with respect to an approved unpaid temporary absence from active service.

### **3.5 Termination of Participation**

A Participant shall remain an Active Participant as long as he continues in employment as an Employee and, if he is a Health Department Employee, he continues to make Mandatory Employee Contributions to the Plan. A person shall remain a Participant as long as he retains an Accrued Benefit under the Plan.

### **3.6 Participation Upon Reemployment**

If a former Employee who was a Participant hereunder is reemployed as an Employee, he shall again become an Active Participant hereunder as of (i) his reemployment date if he is a City Employee or, (ii) the date as of which he begins making the required Mandatory Employee Contributions to the Plan in accordance with the provisions of Section 3.3, if he is a Health Department Employee. If a former Employee who was not a Participant hereunder is reemployed as an Employee, he shall become an Active Participant hereunder on the next Entry Date if he is a City Employee or, if he is a Health Department Employee, the date as of which he begins to make Mandatory Employee Contributions to the Plan in accordance with the provisions of Section 3.3.

If a former Employee who was a Participant hereunder is reemployed as an Employee on or after July 1, 2009, such Employee shall be required to make Pick-Up Contributions to the extent required under Section 3.2(b) and shall have such Pick-Up Contribution deducted from his Earnings.

### **3.7 Finality of Determinations**

All determinations with respect to the eligibility of an Employee to become a Participant under the Plan shall be made by the Administrator on the basis of the records of the City, and all determinations so made by the Administrator shall be final and conclusive for all Plan purposes. Each Employee who becomes a Participant shall be entitled to the benefits, and be bound by all the terms, provisions, and conditions of the Plan and the Funding Agreement.

**ARTICLE IV  
NORMAL RETIREMENT**

**4.1 Eligibility**

Each Participant who retires from employment with the City on or after his Normal Retirement Date, or who ceases covered employment with the City on or after his Normal Retirement Date, shall be eligible for a normal retirement benefit. A Participant who remains employed as a City or Health Department Employee after his Normal Retirement Date shall not be entitled to receive any benefits hereunder until his actual retirement date.

**4.2 Amount**

An eligible Participant's monthly normal retirement benefit shall be equal to the benefit determined (to the extent applicable) under paragraphs (a), (b) and (c) below.

(a) For Credited Service completed as an Employee (other than as the Chief of the Fire Department, the Sheriff, or as a deputy sheriff, emergency medical technician or fire marshal), an eligible Participant's basic pension benefit is equal to the sum of (1) and (2) below.

(1) For Credited Service earned prior to January 1, 1988, the sum of (i) and (ii), increased by the percentage in (iii) below:

(i) 1.625 percent of the Participant's Past Service Compensation up to \$100.00, plus 0.250 percent of the Participant's Past Service Compensation in excess of \$100.00, multiplied by the number of years of Credited Service earned after July 31, 1960, but prior to August 1, 1970; plus

(ii) 1.625 percent of the Participant's Average Earnings up to \$100.00, plus 0.250 percent of the Participant's Average Earnings in excess of \$100.00, multiplied by the number of years of Credited Service earned after July 31, 1970, but prior to January 1, 1988;

increased by

(iii) 50 percent.

plus

(2) For all Credited Service earned after December 31, 1987, 0.80 percent of Average Earnings multiplied by such years of Credited Service.



- (b) A supplemental pension benefit shall only be payable with respect to a Participant who made Supplemental Employee Contributions to the Plan. An eligible Participant's supplemental pension benefit is equal to: (1) 1.625 percent of the Participant's Past Service Compensation up to \$100.00, plus 0.250 percent of the Participant's Past Service Compensation in excess of \$100.00, multiplied by (2) the number of years of Credited Service earned immediately prior to August 1, 1960.
- (c) For all Credited Service earned as the Chief of the Fire Department, the Sheriff, or as a deputy sheriff, emergency medical technician or fire marshal, the sum of (1), (2), and (3):
  - (1) 0.6 percent of Average Earnings multiplied by the each of the first five years of Credited Service as the Chief of the Fire Department, the Sheriff, or as a deputy sheriff, emergency medical technician or fire marshal;
  - (2) 0.9 percent of Average Earnings multiplied by each of the next ten years of Credited Service as the Chief of the Fire Department, the Sheriff, or as a deputy sheriff, emergency medical technician or fire marshal; and
  - (3) 1.0 percent of Average Earnings multiplied by all years of Credited Service as the Chief of the Fire Department, the Sheriff, or as deputy sheriff, emergency medical technician or fire marshal in excess of fifteen.

In no event will a reduction in a Participant's Average Earnings reduce the normal retirement benefit payable to the Participant below the amount that would have been payable to the Participant under the same form of payment had the Participant retired prior to his Normal Retirement Date when eligible for an early retirement benefit."

#### **4.3 Minimum Benefits**

Notwithstanding any other provision of the Plan to the contrary, in the case of a Participant who does not receive a return of his Accumulated Contributions, in no event will the monthly normal retirement benefit payable to a Participant be less than his Employee Derived Benefit.

#### **4.4 Adjustment to Normal Retirement Benefit for Employment After Normal Retirement Date**

The monthly retirement benefit payable with respect to each Participant who continues in employment with the City after Normal Retirement Date shall be determined as provided in paragraph (a), and if applicable paragraph (b) below:

- (a) the Participant's Accrued Benefit as of the date such benefit is being determined in accordance with paragraph (a) or (c) of Section 4.2; plus
- (b) if he is eligible for a supplemental pension benefit, the sum of item (1) plus item (2):

- (1) 50 percent of his supplemental pension benefit determined under paragraph (b) of Section 4.2 as of his Normal Retirement Date multiplied by the late retirement factor shown in the Table attached to the Plan based on the number of years by which his Annuity Starting Date follows his Normal Retirement Date.
- (2) The balance of his supplemental pension determined under paragraph (b) of Section 4.2 as of his Normal Retirement Date.

No further adjustments shall be made to a Participant's monthly normal retirement benefit after his Annuity Starting Date, and, if he continues to accrue benefits under the Plan, such continued accruals shall be reduced as provided in Section 8.6.

#### **4.5 Payment**

A monthly normal retirement benefit shall be paid to an eligible Participant commencing as of the first day of the month following the later of the month in which he retires or the first day of the month for which he applies for the benefit to commence, but not later than the date specified in Section 10.6.

**ARTICLE V  
EARLY RETIREMENT**

**5.1 Eligibility**

Each Participant who retires from employment with the City at or after age 55 with 5 or more years of Service, but prior to his Normal Retirement Date, shall be eligible for an early retirement benefit.

**5.2 Amount**

An eligible Participant's monthly early retirement benefit shall be equal to his Accrued Benefit on the date of his early retirement; provided, however, that if the Participant has fewer than 30 years of Service at retirement, the amount of such benefit shall be reduced by multiplying such amount by the appropriate early commencement factor determined as provided in the Table attached to the Plan.

**5.3 Payment**

A monthly early retirement benefit shall be paid to an eligible Participant commencing as of the first day of the month following the later of the month in which he retires or the month in which he makes written application for the benefit, but not later than his Normal Retirement Date.

**ARTICLE VI  
VESTED RIGHTS**

**6.1 Vesting**

A Participant's vested interest in his Employee Derived Benefit shall be at all times 100 percent.

A Participant's vested interest in his Employer Derived Benefit shall be determined in accordance with the following schedule, based upon the number of full years of Service credited to him; provided, however, that a Participant's vested interest in his Employer Derived Benefit shall be 100 percent (1) if he is employed by the City on his Normal Retirement Date, (2) if he becomes totally and permanent disabled (as defined in Section 7.1) while an Employee, or (3) if he is a Full-Time Employee, and he is employed by the City on the date he attains age 60, regardless of Service.

<b>Years of Service</b>	<b>Vested Interest</b>
less than five	0%
five or more	100%

**6.2 Eligibility for Deferred Vested Retirement Benefit**

Each Participant who terminates employment with the City, who has a vested interest in his Employer Derived Benefit, and who is not eligible for any other retirement benefit under the Plan shall be eligible for a deferred vested retirement benefit.

**6.3 Amount of Deferred Vested Retirement Benefit**

An eligible Participant's deferred vested retirement benefit shall be equal to his Accrued Benefit determined as of the date of his termination of employment and payable commencing on his Normal Retirement Date; provided, however, that if the Participant is totally and permanent disabled (as defined in Section 7.1) while an Employee, and he is not otherwise entitled to a disability benefit under Article VII, the Participant may elect to receive a reduced retirement benefit commencing as of the first day of any month prior to his Normal Retirement Date. The amount of such reduced benefit shall be determined by applying the appropriate early commencement factor determined as provided in the Table attached to the Plan.

**6.4 Payment**

A monthly deferred vested retirement benefit shall be paid to an eligible Participant commencing as of his Normal Retirement Date; provided, however, that a Participant may elect to begin benefit payments as of the first day of any month following the month in which he attains age 55; and further

provided that if the Participant has fewer than 30 years of Service at retirement, the amount of such benefit shall be reduced by multiplying such amount by the appropriate early commencement factor determined as provided in the Table attached to the Plan.

If a Participant with fewer than 30 years of Service at retirement elects, pursuant to Section 8.2(h), to receive a single sum payment of the full present value of his vested Accrued Benefit, as of any month following the month in which he attains age 55 and prior to his Normal Retirement Date, the amount of such single sum payment shall be equal to the present value of the Participant's deferred vested benefit commencing on his Normal Retirement Date.

## **ARTICLE VII DISABILITY BENEFIT**

### **7.1 Eligibility**

Each Participant who (a) suffers permanent and total disability prior to his Normal Retirement Date while actively employed by the City as an Employee, (b) has at least five years of Service, and (c) is entitled to disability benefits under Title II of the Social Security Act shall be eligible for a disability benefit under this Article VII. For purposes of this Article, “permanent and total disability” means any physical or mental condition sustained while an Employee that prevents the Participant from engaging in any substantial gainful activity, as determined by the Administrator, in its discretion, on the basis of medical evidence satisfactory to the Administrator.

Notwithstanding the forgoing, a Participant who is receiving disability benefits under the City of Alexandria Firefighters and Police Officers Pension Plan (or who was receiving disability benefits under the City of Alexandria Firefighters and Police Officers Pension Plan prior to reaching his Normal Retirement Date under such Plan) shall not be eligible for disability benefits under this Article VII.

### **7.2 Amount**

An eligible Participant’s monthly disability benefit shall be equal to his Accrued Benefit on the date his disability commenced.

### **7.3 Payment**

A monthly disability benefit shall be paid to an eligible Participant commencing as of the first day of the month following the later of:

- (a) the expiration of five months from the date on which his permanent and total disability commenced; or
- (b) the month in which he makes written application for the disability benefit.

A Participant may not apply for the disability benefit under this Article VII until after receiving notification from the Social Security Administration of entitlement to disability benefits under Title II of the Social Security Act. In the case of a Participant who files an application with the Social Security Administration for disability benefits under Title II of the Social Security Act (a “Title II disability application”), who notifies the Administrator of the Title II disability application at such time and in such manner as required under rules prescribed by the Administrator, and who later makes written application for the disability benefit under this Article VII in accordance with this Section 7.3, the Participant’s written application for the disability benefit under this Article VII shall

be deemed to have been made in the month in which the Title II disability application was filed with the Social Security Administration.

A Participant's Annuity Starting Date will not be deemed to have occurred simply because payment of disability benefits have commenced to him hereunder.

Payment of a monthly disability benefit shall continue to a Participant until his Normal Retirement Date, or until otherwise terminated as hereinafter provided. Any Participant who continuously up to his Normal Retirement Date receives a disability benefit under the Plan shall be deemed for all Plan purposes to have retired upon the occurrence of his Normal Retirement Date and shall be eligible for a normal retirement benefit in an amount determined as provided in Section 4.2, but based on his years of Credited Service and the provisions of the Plan in effect on the date his disability commenced. Upon the occurrence of his Normal Retirement Date, a Participant receiving disability benefits may elect (subject to the rules prescribed by the Administrator) to receive payment of his normal retirement benefit in one of the optional forms of payment provided in Section 8.2.

#### **7.4 Termination of Disability Benefit Prior to Normal Retirement Date**

Disability benefit payments shall terminate if, prior to the Participant's Normal Retirement Date, the Participant

- (a) ceases to be disabled;
- (b) dies; or
- (c) refuses to undergo a medical examination requested by the Administrator.

If a Participant's disability benefit ceases prior to his Normal Retirement Date, and if he does not return promptly to work with the City, his employment thereupon shall be deemed terminated for all Plan purposes, and he shall be eligible for an early retirement benefit in an amount determined in the same manner as specified in Section 5.2, or a deferred vested retirement benefit in an amount determined in the same manner as specified in Section 6.3, but based on his years of Credited Service and the provisions of the Plan in effect on the date his disability commenced and only if he meets the eligibility requirements for such benefit as in effect on the date his disability commenced. If such Participant's disability benefit ceases prior to his Normal Retirement Date, and if he returns promptly to work with the City, he shall continue as an Employee in accordance with and subject to the remaining provisions of the Plan.

## **7.5 Medical Examination**

In determining whether or not a Participant is or continues to be permanently and totally disabled, the Administrator may require the Participant to submit to a medical examination by a physician acceptable to it. The Administrator may not require a Participant to submit to such an examination more than two times during a 12-month period. If the Participant refuses to submit to such a medical examination, he shall be deemed to have ceased to be disabled hereunder and shall no longer be entitled to disability benefits hereunder.

## **7.6 Service Crediting While Receiving Disability Benefit**

A Participant who is receiving disability benefits hereunder shall not be credited with Service or Credited Service for periods for which he is paid disability benefits hereunder.



## **ARTICLE VIII FORMS OF PAYMENT**

### **8.1 Normal Form of Payment**

A Participant who is eligible to receive any retirement benefit under Section 4.1, 5.1, or 6.2 of the Plan shall receive payment of such benefit in the form of a single life annuity with cash refund. Such Participant shall receive a monthly retirement benefit payable for his lifetime, the last monthly payment being for the month in which his death occurs. Upon the Participant's death, the excess of his Accumulated Contributions determined as of his Annuity Starting Date over the total payments made to the Participant shall be paid to the Participant's surviving Beneficiary in a single sum payment.

Subject to the rules prescribed by the Administrator, a Participant may elect to receive payment of his benefit in one of the optional forms of payment provided in Section 8.2.

### **8.2 Optional Forms of Payment**

Within the election period prescribed by the Administrator, a Participant who is eligible to receive a normal, early, or deferred vested retirement benefit may elect to receive payment of such benefit in accordance with any one of the following options.

If the Participant's Beneficiary under an optional form of payment dies prior to the Participant's Annuity Starting Date, the election shall become inoperative and ineffective, and benefit payments, if any, shall be made under the normal form of payment provided in Section 8.1, unless the Participant elects another optional form of payment prior to his Annuity Starting Date. Once a Participant's Annuity Starting Date occurs, however, the form of payment elected by the Participant will not change even if the Participant's Beneficiary predeceases him.

The monthly payments made under any optional form of payment hereunder shall be the Actuarial Equivalent of the monthly benefit otherwise payable to the Participant in the normal single life annuity with cash refund form described in Section 8.1.

- (a) **Single Life Annuity (no cash refund).** The Participant shall receive an increased monthly retirement benefit payable for his lifetime, the last monthly payment being for the month in which his death occurs. No further benefits shall be payable following the Participant's death.
- (b) **100% Joint and Survivor Annuity.** The Participant shall receive a reduced monthly retirement benefit payable for his lifetime, the last monthly payment being for the month in which his death occurs. If the Participant's Beneficiary survives him, then commencing with the month following the month in which the Participant's death occurs, his Beneficiary shall receive a monthly benefit for his remaining lifetime equal to the reduced amount payable

during the Participant's lifetime, the last monthly payment being for the month in which the Beneficiary's death occurs.

- (c) **66 2/3% Joint and Survivor Annuity.** The Participant shall receive a reduced monthly retirement benefit payable for his lifetime, the last monthly payment being for the month in which his death occurs. If the Participant's Beneficiary survives him, then commencing with the month following the month in which the Participant's death occurs, his Beneficiary shall receive a monthly benefit for his remaining lifetime equal to 66 2/3rds percent of the reduced amount payable during the Participant's lifetime, the last monthly payment being for the month in which the Beneficiary's death occurs.
- (d) **50% Joint and Survivor Annuity.** The Participant shall receive a reduced monthly retirement benefit payable for his lifetime, the last monthly payment being for the month in which his death occurs. If the Participant's Beneficiary survives him, then commencing with the month following the month in which the Participant's death occurs, his Spouse shall receive a monthly benefit for his remaining lifetime equal to one-half of the reduced amount payable during the Participant's lifetime, the last monthly payment being for the month in which the Beneficiary's death occurs.
- (e) **15-Year Certain and Life Annuity.** The Participant shall receive a reduced monthly retirement benefit payable for his lifetime, the last monthly payment being for the month in which his death occurs. If the Participant's death occurs prior to the end of the 15-year period commencing with his Annuity Starting Date, his Beneficiary shall receive a continued monthly benefit equal to such reduced amount for the remainder of such 15-year period. If the Participant's Beneficiary dies after becoming eligible to receive a benefit hereunder, but prior to the end of the 15-year period, the unpaid monthly benefit shall be paid to the Beneficiary designated by the Participant to receive payment in such event or, if none, in accordance with the provisions of Section 8.3.
- (f) **Ten-Year Certain and Life Annuity.** The Participant shall receive a reduced monthly retirement benefit payable for his lifetime, the last monthly payment being for the month in which his death occurs. If the Participant's death occurs prior to the end of the ten-year period commencing with his Annuity Starting Date, his Beneficiary shall receive a continued monthly benefit equal to such reduced amount for the remainder of such ten-year period. If the Participant's Beneficiary dies after becoming eligible to receive a benefit hereunder, but prior to the end of the ten-year period, the unpaid monthly benefit shall be paid to the Beneficiary designated by the Participant to receive payment in such event or, if none, in accordance with the provisions of Section 8.3.
- (g) **Five-Year Certain and Life Annuity.** The Participant shall receive a reduced monthly retirement benefit payable for his lifetime, the last monthly payment being for the month in which his death occurs. If the Participant's death occurs prior to the end of the five-year period commencing with his Annuity Starting Date, his Beneficiary shall receive a continued monthly benefit equal to such reduced amount for the remainder of such five-year period. If

the Participant's Beneficiary dies after becoming eligible to receive a benefit hereunder, but prior to the end of the five-year period, the unpaid monthly benefit shall be paid to the Beneficiary designated by the Participant to receive payment in such event or, if none, in accordance with the provisions of Section 8.3.

- (h) **Single Sum Payment.** The Participant may elect to receive a single sum payment of the full present value of his vested Accrued Benefit in lieu of the form of benefit described in Section 8.1, which is the Actuarial Equivalent thereof. In the case of a Participant who does not receive a return of his Accumulated Contributions, in no event will the single sum payment payable to a Participant be less than his Employee Derived Benefit.

Notwithstanding any other provision of the Plan to the contrary, distribution under an optional form of payment shall be made in accordance with Code Section 401(a)(9) and regulations issued thereunder as provided under Section 10.6, including the minimum distribution incidental benefit requirement. If a Participant designates a person other than his Spouse as his Beneficiary under an optional form of payment, and if payments under the optional form elected would not meet the minimum distribution incidental benefit requirement, the payment period (and the monthly amount payable) shall be reduced to the extent necessary to satisfy such requirement.

### **8.3 Designation of Beneficiary and Beneficiary in Absence of Designated Beneficiary**

A Participant's Beneficiary may be any individual or, in the case of a Beneficiary to receive payments for the remainder of a period-certain under the form of payment elected by the Participant, any individuals, trust, or estate, selected by the Participant.

If payment is to be made to a Participant's surviving Beneficiary for the remainder of a period-certain under the form of payment elected by the Participant and no Beneficiary survives or the Participant has not designated a Beneficiary, the Participant's Beneficiary shall be the Participant's surviving Spouse or, if none, the Participant's surviving children in equal shares or, if none, the Participant's estate.

### **8.4 Notice Regarding Forms of Payment**

Subject to the rules prescribed by the Administrator, the Administrator shall provide a Participant with a written description of (i) the terms and conditions of the normal form of payment provided in Section 8.1, (ii) the optional forms of payment provided in Section 8.2, (iii) the Participant's right to elect an optional form of payment and the effect thereof. Effective for Plan years after January 1, 2006, distributions 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 has received all of the required distribution notice and election forms pursuant to Code Section 402(f).

## **8.5 Death Prior to Annuity Starting Date**

If a Participant dies prior to his Annuity Starting Date, the only death benefit payable under this Plan is the benefit payable under Section 9.2 and no Beneficiary or any person claiming under or through the Participant shall be entitled to any other benefit under the Plan.

## **8.6 Effect of Reemployment on Form of Payment**

If a Participant who has commenced benefit payments under the Plan resumes employment with the City as an Employee and participation in the Plan, such Participant's benefits shall be suspended in accordance with Section 10.1 and the determination the Participant's future benefit shall be actuarially reduced or offset, if and as necessary, to avoid duplication of any benefits paid with respect to the Participant's prior employment.

## **8.7 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 Code, subject to the annual dollar limitation therein of \$3,000.
- (c) The following definitions apply for purposes of this Section 8.7:
  - (1) An “**Eligible Retired Public Safety Officer**” is a Participant who separated from service with the City as the Chief of the Fire Department, the Sheriff, a deputy sheriff, or an emergency rescue technician (1) by reason of a total disability (under Section 7.1) 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 Code) or a qualified long-term care insurance contract as defined in Section 7702B(b) of the Code.

**ARTICLE IX**  
**RETURN OF ACCUMULATED CONTRIBUTIONS**

**9.1 Distribution of Accumulated Contributions**

Subject to the provisions of Section 10.4, a Participant who terminates employment for reasons other than death, or otherwise ceases covered employment, may elect to receive, in lieu of any other benefit provided under the Plan, a cash distribution of his Accumulated Contributions at any time prior to the date payment of his retirement benefit begins.

If a Participant who terminates employment for reasons other than death, or otherwise ceases covered employment, and who has no vested interest in his Employer Derived Benefit, is not reemployed by the City, or does not return to covered employment, within one year of such termination of employment or cessation of covered employment, the Participant's Accumulated Contributions shall be paid to the Participant in a single sum payment, in lieu of all other benefits under the Plan, as soon as practicable following the end of such one-year period, and he shall cease to be a Participant under the Plan as of the date of such payment. Notwithstanding the foregoing, but subject to the provisions of Section 10.4, if the Participant voluntarily terminates employment and certifies, at such time and in such manner as required under rules prescribed by the Administrator, that he intends to return to covered employment within five years, then payment of the Participant's Accumulated Contributions under this paragraph shall be made only at the end of such five-year period and only if the Participant has not returned to covered employment at that time.

The payment of a Participant's Accumulated Contributions shall be in full satisfaction of any benefit to which the Participant may be entitled to receive under the terms of the Plan.

**9.2 Death Benefit**

Upon a Participant's death, his Beneficiary may be eligible for a death benefit as provided herein.

- (a) **Death Prior to Commencement of Benefit Payments.** If a Participant dies prior to his Annuity Starting Date and has not previously received distribution of his Accumulated Contributions as provided in Section 9.1, his Beneficiary shall receive a death benefit, payable in a single sum, that is equal to the Participant's Accumulated Contributions determined as of the Participant's date of death.
- (b) **Death After Commencement of Benefit Payments.** If a Participant dies after his Annuity Starting Date and the form of payment elected by the Participant under the provisions of Article VIII does not provide for continued benefits in the event of the Participant's death, the Participant's Beneficiary shall receive a death benefit, payable in a single sum, that is equal to the excess, if any, of (i) the Participant's Accumulated Contributions, determined as of the date benefit payments commenced under the Plan, over (ii) the amount of all benefit payments made under the terms of the Plan either to the Participant and/or his Beneficiary or

Spouse under the provisions of Article VIII. No death benefit shall be payable hereunder if the Participant elected the optional single life annuity described in paragraph (a) of Section 8.2.

- (c) **Designation of Beneficiary.** Each Participant may designate in writing any one or more persons as his death Beneficiary to receive payment of the death benefit provided under this Section 9.2. Such designation shall be filed with the Administrator and shall be in such form as the Administrator shall require. A Participant at any time and from time to time, whether before or after his retirement or other termination of employment, may change the Beneficiary previously designated by him by filing with the Administrator a new designation in such form as it shall require.

If no Beneficiary shall have been designated by a Participant under this Section, or if all persons designated by him as Beneficiary shall die before becoming entitled to a death benefit hereunder, then such Participant's Beneficiary shall be his surviving Spouse or, if none, his surviving children in equal shares or, if none, his estate. A Beneficiary designation under this Section shall be separate from any Beneficiary designation under the provisions of Article VIII.

**ARTICLE X  
GENERAL PROVISIONS & LIMITATIONS  
REGARDING BENEFITS**

**10.1 Suspension of Benefits**

Subject to the provisions of Section 10.6, if a Participant who is receiving benefits under this Plan resumes employment with the City as an Employee, his benefits shall be suspended until his subsequent retirement, termination of employment or death.

If a Participant's benefits are suspended pursuant to this Section 10.1, any benefit payable upon his subsequent retirement, termination of employment or death shall be actuarially reduced or offset, if and as necessary, to avoid duplication of any benefits paid with respect to his prior employment.

Notwithstanding the forgoing, to the extent that a Participant receives a single sum payment pursuant to Section 8.2(h) hereof or a distribution of Accumulated Contributions pursuant to Section 9.1, such Participant shall be treated as a new Employee upon his resumption of employment, and his prior period of employment shall be ignored for purposes of determining his Accrued Benefit until his subsequent retirement, termination of employment or death.

**10.2 Non-Alienation of Retirement Rights or Benefits**

Except as otherwise required by law, no benefit under the Plan at any time shall be subject in any manner to anticipation, alienation, assignment (either at law or in equity), encumbrance, garnishment, levy, execution, or other legal or equitable process; and no person shall have the power in any manner to anticipate, transfer, assign (either at law or in equity), alienate or subject to attachment, garnishment, levy, execution, or other legal or equitable process, or in any way encumber his benefits under the Plan, or any part thereof, and any attempt to do so shall be void. Notwithstanding the foregoing, retirement benefits hereunder may be reduced pursuant to a domestic relations order approved by the Administrator in accordance with the procedures set forth in Section 12.9.

Notwithstanding the foregoing, retirement benefits hereunder may be (i) reduced pursuant to a domestic relations order approved by the Administrator in accordance with the procedures set forth in Section 12.9, and (ii) forfeited for termination due to dishonesty, malfeasance, or misfeasance in office in accordance with Section 10.7.

**10.3 Payment of Benefits to Others**

If any person to whom a retirement benefit is payable is unable to care for his affairs because of illness or accident, any payment due (unless prior claim therefor shall have been made by a duly qualified guardian or other legal representative) may be paid to the Spouse, parent, brother or sister, or any other individual deemed by the Administrator to be maintaining or responsible for the maintenance of such person. The monthly payment of a retirement benefit to a person for the month

in which he dies shall, if not paid to such person prior to his death, be paid to his Spouse, parent, brother, sister, or estate as the Administrator shall determine. Any payment made in accordance with the provisions of this Section shall be a complete discharge of any liability of the Plan with respect to the benefit so paid.

#### **10.4 Payment of Small Benefits; Deemed Cashout**

Notwithstanding any other provision of the Plan, if the Actuarially Equivalent present value of any retirement benefit payable under Section 4.1, 5.1, or 6.2 is \$1,000 or less or of any survivor benefit is \$5,000 or less, such Actuarially Equivalent present value shall be paid to the Participant, or his Beneficiary, if applicable, in a single sum payment, in lieu of all other benefits under the Plan, as soon as practicable following the date of the Participant's retirement, death, or other termination of employment, and he shall cease to be a Participant under the Plan as of the date of such payment. If the Actuarially Equivalent present value of any retirement benefit payable under Section 4.1, 5.1, or 6.2, or of any survivor benefit, is zero, such Actuarially Equivalent present value shall be deemed to be paid under this Section 10.4 to the Participant, or his Beneficiary, if applicable.

A former Participant who received a distribution or deemed distribution hereunder, because of his retirement or other termination of employment shall lose the Service and Credited Service with which he was credited at the time of his prior termination of employment or retirement. If such former Participant is reemployed, such prior Service and Credited Service shall not be reinstated.

#### **10.5 Direct Rollovers**

Notwithstanding any other provision of the Plan to the contrary, in lieu of receiving a single sum payment as provided in Section 8.2 or Section 10.4, a "qualified distributee" may elect in writing, in accordance with rules prescribed by the Administrator, to have any portion or all of such payment that is an "eligible rollover distribution" paid directly by the Plan to the "eligible retirement plan" designated by the "qualified distributee"; provided, however, that this provision shall not apply if the total distribution is less than \$200 and that a "qualified distributee" may not elect this provision with respect to any partial distribution that is less than \$500. Any such payment by the Plan to another "eligible retirement plan" shall be a direct rollover. For purposes of this Section, the following terms have the following meanings:

- (a) An "eligible retirement plan" is:
  - (1) An individual retirement account described in Code Section 408(a), including a Roth IRA described in Code Section 408A;
  - (2) An individual retirement annuity described in Code Section 408(b), including a Roth IRA described in Code Section 408A;
  - (3) A qualified trust described in Code Section 401(a) or an annuity plan described in Code Section 403(a), that accepts the distributee's eligible rollover distribution;



- (4) An annuity contract described in Code Section 403(b) that accepts the distributee's eligible rollover distribution; and
- (5) An eligible plan described in Code Section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state, that accepts the distributee's eligible rollover distribution and agrees to account separately for amounts transferred into such plan from this Plan.

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 Code Section 414(p).

- (b) 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: 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 any distribution to the extent such distribution is required under Code Section 401(a)(9).

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 an individual retirement account or annuity described in Code Section 408(a) or (b) or to a qualified trust or annuity plan described in Code Section 401(a) or 403(a) or an annuity contract described in Code Section 403(b) if such trust or annuity 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.

- (c) A "qualified distributee" means a Participant, his surviving Spouse, or his Spouse or former Spouse who is an alternate payee under a domestic relations order, as defined in Code Section 414(p). A nonspouse beneficiary of a deceased Participant is also a qualified distributee for purposes of this Section 10.5, provided, however, in the case of a nonspouse beneficiary, the direct rollover may be made only to an individual retirement account or annuity under Code Section 408 that is established on behalf of the nonspouse beneficiary and that will be treated as an inherited IRA pursuant to the provisions of Code Section 402(c)(11). The determination of the extent to which a distribution to a nonspouse beneficiary is required under Code Section 401(a)(9) shall be made in accordance with IRS Notice 2007-7, Q&A 17 and 18, 2007-5 I.R.B. 395.

## 10.6 Minimum Distribution Requirements

The provisions of this Section apply for purposes of determining minimum required distributions under Code Section 401(a)(9) and take precedence over any inconsistent provisions of the Plan; provided, however, that these provisions are intended solely to reflect the requirements of Code Section 401(a)(9) (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 Code Section 401(a)(9) 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.
- (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 10.6(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 10.6(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 10.6(a)(2) other than Section 10.6(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 Section 10.6(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 10.6(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 10.6(a)(2) and Section 10.6(d), distributions are considered to begin on the Participant's Required Beginning Date (or, if Section 10.6(a)(2)(iv) applies, the date distributions are required to begin to the surviving Spouse under Section 10.6(a)(2)(i)). If annuity payments irrevocably commence to the Participant before the Participant's Required Beginning Date (or to the Participant's surviving Spouse before the date distributions are required to begin to the surviving Spouse under Section 10.6(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 10.6(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 Code Section 401(a)(9) and applicable Treasury Regulations. Any part of the Participant's interest which is in the form of an individual account described in Code Section 414(k) will be distributed in a manner satisfying the requirements of Code Section 401(a)(9) 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 Section 10.6(c) or (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 10.6(c) dies or is no longer the Participant's Beneficiary pursuant to a qualified domestic relations order within the meaning of Code Section 414(p);
  - c. To provide cash refunds of employee contributions upon the Participant's death;
  - d. To 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 10.6(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 Annuity Starting Date. If the Annuity Starting 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 Annuity Starting 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 10.6(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 Annuity Starting Date.

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

- (1) **Participant Survived by Designated Beneficiary.** Except as provided in Section 10.6(a)(2)(v), if the Participant dies before the date distribution of his 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 10.6(a)(2)(i) or (ii), over the life of the designated Beneficiary or over a period certain not exceeding:
  - (i) Unless the Annuity Starting 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 Annuity Starting 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 that contains the Annuity Starting 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 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 10.6(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 10.6(a)(2)(i).
- (e) **Reasonable and Good Faith Interpretation.** Notwithstanding anything contained herein to the contrary, any distribution option under the Plan that is consistent with a reasonable and good faith interpretation of Code Section 401(a)(9) shall be permitted under this Section 10.6.
- (f) **TEFRA §242(b) Elections.** Notwithstanding the other provisions of this Section, distributions may be made under a designation made before January 1, 1984, in accordance with §242 (b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and the provisions of the Plan that relate to §242(b)(2) of TEFRA.

## **10.7 Forfeiture of Benefits Due To Misconduct**

With respect to benefits accrued after June 22, 2010, in the event that the employment of a Participant is terminated because of dishonesty, malfeasance, or misfeasance in office, the Participant shall forfeit and cease to have any right to receive his or her Accrued Benefit (or any other benefit under the Plan). A forfeiture pursuant to this Section 10.7 may be appealed to the Administrator in accordance with the provisions of Section 12.10.

**ARTICLE XI**  
**MAXIMUM RETIREMENT BENEFITS**

**11.1 Maximum Benefit and Contributions**

- (a) Notwithstanding any Plan provisions to the contrary, effective for Limitation Years beginning on or after January 1, 2008, to the extent necessary to prevent disqualification under Code Section 415, and subject to the remainder of this Article XI, the maximum monthly benefit to which any Participant may be entitled in any Limitation Year with respect to his Accrued Benefit pursuant to Sections 4.1, 5.1, 6.2 or 7.2 (hereafter referred to as the “maximum benefit”) shall not exceed the defined benefit dollar limit (adjusted as provided in Section 11.2), which limit shall be determined in accordance with the following:
  - (1) The Defined Benefit Dollar Limit shall be \$17,083, as adjusted for the Limitation Year under Code Section 415(d).
  - (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 11.2(b)(1)) 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 11.2 shall apply.
  
- (b) In addition to the foregoing, to the extent necessary to prevent disqualification under Code Section 415, and subject to the remainder of this Article XI, the maximum Annual Additions for any Limitation Year shall be equal to the lesser of:
  - (1) \$51,000, as adjusted for the Limitation Year under Code Section 415(d); or
  - (2) 100% of the Participant’s Remuneration.
  
- (c) The dollar limits in this Section 11.1 shall be adjusted, effective January 1 of each year, under Code Section 415(d) in such manner as the Secretary shall prescribe. A limit as adjusted under Code 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 Employment Severance Date is limited by the application of this Section 11.1, such limit shall be adjusted to reflect any subsequent adjustments made in accordance with Code Section 415(d), but the adjusted limit shall apply only to benefits payable on or after January 1 of the calendar year for which the adjustment applies.

## **11.2 Actuarial Adjustments Relating to Defined Benefit Dollar Limit**

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

- (1) 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 11.2(a)(2) or (3), 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 Code Section 415) 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 Code Section 417(e)(3), 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 Code Section 415(d).
- (2) If the benefit of a Participant is paid in a form not subject to Code Section 417(e), the actuarially equivalent straight life annuity (without regard to cost-of-living adjustments described in Section 11.1) 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 Code Section 417(e)(3).
- (3) If the benefit of a Participant is paid in a form subject to Code Section 417(e), the actuarially equivalent straight life annuity is equal to the greatest of: (a) the annual amount of the straight life annuity commencing at the Annuity Starting 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 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 Code Section 417(e)(3), 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 Code Section 417(e)(3), divided by 1.05.



- (4) For purposes of this Section 11.2, whether a form of benefit is subject to Code Section 417(e) is determined without regard to the status of the Plan as a governmental plan as described in Code Section 414(d).

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

- (1) 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 Code Section 417(e)(3). 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 11.2(b)(1) shall not apply to a Participant with Credited Service of at least 15 years as an Employee of the City police department or fire department within the meaning of Code Section 415(b)(2)(H). In addition, the adjustment in this Section 11.2(b)(1) shall not apply as a result of benefits paid on account of Disability under Article VII or as a result of the death of a Participant under Section 9.2.
- (2) 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 Code Section 417(e)(3). 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 Annuity Starting 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.

- (3) For purposes of this Section 11.2(b), no adjustment shall be made to the Defined Benefit Dollar Limit to reflect the probability of a Participant's death between the Annuity Starting Date and age 62, or between age 65 and the Annuity Starting Date, as applicable, if benefits are not forfeited upon the death of the Participant prior to the Annuity Starting Date. To the extent benefits are forfeited upon death before the Annuity Starting 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 Code Section 415) upon the Participant's death.

### **11.3 Reduced Dollar Limit**

If the Participant has fewer than 10 years of participation in the Plan (as determined under Code Section 415 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. The adjustment in this Section 11.3 shall not apply to benefits paid on account of Disability under Article VII or as a result of the death of a Participant under Section 9.2.

### **11.4 Benefits Funded by After-Tax Employee Contributions**

The Defined Benefit Dollar Limit shall not apply to the portion of a Participant's benefit (determined as of his Annuity Starting Date) that is attributable to the Participant's Mandatory Employee Contributions or Supplemental Employee Contributions. The determination of the extent to which the Participant's benefit (determined as of his Annuity Starting Date) attributable to the Participant's Mandatory Employee Contributions or Supplemental Employee Contributions shall be made under the rules of Code Section 411(c) (using the actuarial assumptions thereunder), applied as if the Plan were subject to such Section 411(c).

### **11.5 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 Code Section 415, with respect to any Participant who is also a Participant in:

- (a) 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 Code Section 415(l)) has been established for the Participant;
- (b) Any welfare plan maintained by the City in which a separate account (as described in Code Section 419A(d)) has been established to provide post-retirement medical benefits for the Participant; and/or
- (c) Any retirement or welfare plan, as aforesaid, maintained by an affiliated or predecessor employer, as described in regulations under Code Section 415, or otherwise required to be taken into account under such regulations.

If the limit on Annual Additions under Code Section 415 would otherwise be exceeded, the portion of the employer contributions and of forfeitures for the Limitation Year under all such other Plans that would otherwise have been allocated to the Participant thereunder, but which exceeds the limit, shall not be allocated to the Participant but shall be deemed a forfeiture for the Limitation Year and shall be disposed of as provided in such other Plans; provided, however, that the amount of the employer contributions and forfeitures that is not allocated and is deemed forfeiture under this Section 11.5 shall be effected in the order prescribed by the Administrator, but first under any defined contribution plan that is not a money purchase pension plan and, if the limitation still is not satisfied, then under such money purchase pension plan. If the limit on Annual Additions under Code Section 415 still is not satisfied after all employer contributions and forfeitures under all such other plans are not allocated (and deemed forfeited) for the Limitation Year, the limit shall be satisfied by reducing Annual Additions under this Plan as provided in this Section 11.5.

If the Annual Additions to the Plan on behalf of a Participant in any Limitation Year beginning before July 1, 2007 would otherwise exceed the limit on Annual Additions under Section 11.1, the limit shall be satisfied by reducing the Participant's Mandatory Employee Contributions to the extent necessary. If a Participant is covered by any other plan taken into account under this Section 11.5 and if the Annual Additions for the Limitation Year would otherwise exceed the limit on Annual Additions under Code Section 415, such excess shall be reduced first by returning the after-tax employee contributions made by the Participant for the Limitation Year under all plans other than the Plan, and the income attributable thereto, to the extent necessary in the order prescribed by the Administrator. If the limit on Annual Additions under Code Section 415 still is not satisfied after returning all of the after-tax employee contributions made by the Participant under all such other plans, the excess shall be reduced by returning or forfeiting, as provided in each such plan, the elective contributions made on the Participant's behalf for the Limitation Year under all such other plans, and, if elective contributions are returned, the income attributable thereto, to the extent necessary in the order prescribed by the Administrator. If the limit on Annual Additions under Code Section 415 still is not satisfied, the provisions of the prior paragraph shall apply, so as to limit the Annual Additions under this and all other plans to which Code section 415 applies.

## 11.6 Miscellaneous

- (a) **Multiple Annuity Starting Dates.** If a Participant has distributions commencing at more than one Annuity Starting Date (determined in accordance with Code Section 415 and the regulations thereunder), the benefits payable as of each such Annuity Starting Date shall satisfy the limitations of this Article XI as of each such date, actuarially adjusting for past and future distributions of benefits commencing at the other Annuity Starting Dates.
- (b) **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 Code Section 415 as in effect as of the end of the last Limitation Year beginning before July 1, 2007.
- (c) **Incorporation of Section 415 Limits.** To the extent a Participant's benefit is subject to provisions of Code Section 415 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.

**ARTICLE XII**  
**ADMINISTRATION OF THE PLAN AND MANAGEMENT OF PLAN ASSETS**

**12.1 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 13.7.

**12.2 Management of Plan Assets**

The Board shall have the powers and duties set forth in Section 13.5 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.

**12.3 Pension Fund**

The Pension Fund is maintained by the Funding Agent for the Plan under a Funding Agreement with the City. The Funding Agent for the Plan shall be selected by the Board. Benefits under the Plan shall be only such as can be provided by the assets of the Pension Fund, and no liability for payment of benefits shall be imposed upon the Board, the Administrator, the City, or any of its elected or appointed officials or employees.

**12.4 Contributions by the City**

So long as the Plan continues, contributions will be made by the City at such times and in such amounts as the City in its sole discretion shall from time to time determine, based on the advice of the Actuary and consistent with the funding policy for the Plan. Subject to the provisions of Section 12.6, all such contributions shall be delivered to the Funding Agent for deposit in the Pension Fund.

**12.5 Expenses of the Plan**

Unless paid by the City, any expenses incurred by the Board or the Administrator in connection with the administration or management of the Plan shall be paid out of the Pension Fund, including but not limited to fees of the Funding Agent and any expenses associated with the retention of attorneys, accountants, actuaries, or other service providers.

**12.6 No Reversion**

The Pension Fund shall be for the exclusive benefit of Participants and persons claiming under or through them.

All such contributions shall be irrevocable and such contributions as well as the Pension Fund, or any portion of the principal or income thereof, shall never revert to or inure to the benefit of the City or any Affiliate except that:

- (a) the residual amounts specified in Article XIV may be returned to the City; and
- (b) any contributions which are made under a mistake of fact may be returned to the City within one year after the contributions were made.

The Administrator shall determine, in its sole discretion, whether the contributions described above shall be returned to the City. If any such contributions are to be returned, the Administrator shall so direct the Funding Agent, in writing, no later than ten days prior to the last day upon which they may be returned.

### **12.7 Forfeitures Not to Increase Benefits**

Any forfeitures arising from the termination of employment or death of an Employee, or for any other reason, shall be used to reduce City contributions to the Pension Fund, and shall not be applied to increase the benefits any Participant otherwise would receive under the Plan at any time prior to the termination of the Plan.

### **12.8 Change of Funding Medium**

The Board shall have the right to change at any time the means through which benefits under the Plan shall be funded. No such change shall constitute a termination of the Plan or result in the diversion to the City of any funds previously contributed in accordance with the Plan.

### **12.9 Domestic Relations Order Approval Procedures**

- (a) The Administrator shall approve a domestic relations order and direct that payment of a Participant's benefit be made in accordance with the terms of such order provided that all of the following requirements are met:
  - (1) The order creates or recognizes the existence of an "alternate payee's" right to, or assigns to an "alternate payee" the right to, receive all or a portion of the Participant's Accrued Benefit under the Plan.
  - (2) The order clearly specifies the following:
    - (i) the name and last known mailing address, if any, of the Participant and of each "alternate payee" covered by the order;

- (ii) the amount or percentage of the Participant's Accrued Benefit to be paid to each "alternate payee," or the manner in which such amount or percentage is to be determined;
    - (iii) the number of payments or the period to which such order applies; and
    - (iv) the name of the Plan.
  - (3) The order does not require the Plan to provide any type or form of benefit, or any option, not otherwise provided under the Plan.
  - (4) The order does not require the Plan to provide increased benefits (determined on the basis of actuarial value).
  - (5) The order does not require the payment of benefits to an "alternate payee" which are required to be paid to another "alternate payee" under another order previously approved by the Administrator.
  - (6) The order does not provide for payment to the "alternate payee" in the form of a joint and survivor annuity with the "alternate payee's" subsequent Spouse as beneficiary.
- (b) A domestic relations order may provide for payment prior to the date the Participant has separated from Service if it provides that such payment shall be made on or after the date the Participant would have attained "earliest retirement age" under the Plan as if the Participant had retired on the date payments commence under the order (based only on the Participant's Accrued Benefit as of that date and subject to reduction for early commencement in accordance with the terms of the Plan).
- (c) The Administrator shall promptly notify the Participant and "alternate payee" of its receipt of the domestic relations order and of the Plan's procedures for approval of domestic relations orders. Within a reasonable period of receipt of such order, the Administrator shall determine whether the order meets the requirements established under this Section and shall notify the Participant and each "alternate payee" of its determination.
- (d) During the period of time following the Administrator's receipt of a domestic relations order and prior to the Administrator's determination as to whether the order meets the requirements of this Section, the Administrator shall separately account for those amounts that would have been payable to the "alternate payee" if the order had been approved (the "segregated amounts"). If within 18 months of the date the first payment would have been made under the domestic relations order, such order is approved by the Administrator, the Administrator shall pay the segregated amounts to the appropriate "alternate payee," with interest thereon. If within such 18-month period the order is disapproved by the Administrator, or the Administrator has not yet resolved whether the order meets the requirements of this Section, the Administrator shall pay the segregated amounts to the

person or persons to whom payment would have been made if there had been no order. If the Administrator later approves the order, such order shall be applied prospectively only.

- (e) For purposes of this Section, the following terms shall have the following meanings:
- (1) An “alternate payee” means any Spouse, former Spouse, child or other dependent of a Participant who is recognized by a domestic relations order as having a right to receive all, or a portion of, a Participant’s benefit under the Plan.
  - (2) A “domestic relations order” means any judgment, decree, or order (including of a property settlement) that:
    - (i) relates to the provision of child support, alimony payments, or marital property rights to a Spouse, former Spouse, child, or other dependent of a Participant; and
    - (ii) is made pursuant to a state domestic relations law (including a community property law).
  - (3) A Participant’s “earliest retirement age” means the earlier of (i) the date on which the Participant is entitled to a distribution under the Plan, or (ii) the date the Participant would have attained age 65.

#### **12.10 Claim for Benefits**

- (a) 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.
- (b) 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 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.
- (c) 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.
- (d) 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.
- (e) 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.
- (f) 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.
- (g) 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.
- (h) 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.
- (i) 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.

- (j) A Claimant shall be entitled, either in his 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 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 XIII**  
**RETIREMENT BOARD AND ADMINISTRATOR**

**13.1 Retirement Plan Board**

- (a) The Board shall consist of eight members who are nominated 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 13.2, and four of the members of the Board (the “Participant Representatives”) shall be nominated in accordance with the rules and procedures adopted by the Board pursuant to Section 13.3. In the event the City Council does not appoint a City Representative or Participant Representative who has been nominated in accordance with this Article, another nominee shall be selected and presented in accordance with the provisions of this Article.
- (c) In addition to the four City Representatives and four Participant Representatives, there shall be four 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 13.4, 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.

**13.2 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.

### **13.3 Participant Representatives**

- (a) The initial Participant Representatives shall be selected by the Ad Hoc Retirement Benefits Advisory Group from among the Employee representatives to the Ad Hoc Retirement Benefits Advisory Group. Thereafter, the Board shall adopt reasonable rules and procedures to be followed with respect to the nomination, affiliation, removal and other matters deemed appropriate for the nomination, selection or removal of Participant Representatives and alternates. Except as provided in subsection (e) below, a Participant Representative or alternate must be a current Employee covered by (and accruing benefits under) the Plan.
- (b) Two out of the four Participant Representatives and two alternates shall be Participants who are currently employed by the City and classified as general schedule Employees. One out of the four Participant Representatives and one alternate shall be Participants who are currently employed by the City and classified as deputy sheriffs. The remaining Participant Representative and alternate shall be Participants who are currently employed by the City and classified as a Uniformed Fire Department Employee.
- (c) Each Participant Representative, and alternate, shall serve a two or four-year term as follows:
  - (1) Participant Representatives and alternates shall serve staggered terms as follows:
    - (i) One Participant Representative and one alternate who are employed by the City and classified as a general schedule Employee shall be appointed to serve a two-year term ending December 31, 2014.
    - (ii) One Participant Representative and one alternate who are employed by the City and classified as a general schedule Employee shall be appointed to serve a four-year term ending December 31, 2016.
    - (iii) One Participant Representative and one alternate who are employed by the City and classified as a deputy sheriff shall be appointed to serve a two-year term ending December 31, 2014.
    - (iv) The other Participant Representative and the other alternate who are employed by the City and classified as a Uniformed Fire Department Employee shall be appointed to serve a four-year term ending December 31, 2016.
    - (v) Thereafter, all Participant Representatives and alternates shall be appointed to serve a four-year term.

- (2) 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, provided that he or she is employed by the City in the relevant classification at the time of such re-nomination or re-appointment.
- (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) A Participant Representative or alternate who ceases to be a Participant who is employed by the City in the relevant classification shall be deemed to have resigned from the Board; provided, however, that a Participant Representative or alternate who continues to be a Participant but who ceases to be an Employee due to Early or Normal Retirement (under Article IV or V) shall be deemed to have resigned from the Board on the later of (i) the last day of his or her remaining term, or (ii) twenty four (24) months following his or her Employment Severance Date. A Participant Representative or alternate may resign at any time, upon thirty (30) days' written 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 13.3 and appointed to the Board by the City Council.
- (f) In the event of the resignation or removal of a Participant Representative or alternate, the Board shall nominate a successor for 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 general schedule Employee shall be appointed or elected to replace a Participant Representative or alternate that was a general schedule Employee).

#### **13.4 Conduct of Board Business**

- (a) The Board shall adopt rules and procedures for the conduct of its business. Such rules and procedures may include an attendance policy for members of the Board and alternates, quorum requirements for meetings of the Board or any committee of the Board, and voting requirements for the adoption, approval, modification or rescission of any resolution, action or decision within the purview of the Board.
- (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 Representative 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 deliver, by telephone communication, be telephone facsimile transmission, by first class mail, by electronic mail, or by a delivery service providing confirmation of delivery. At least five (5) business days' notice shall be given of all regular meetings and at least seventy-two (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. Not 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 meetings. 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 an approved by the Board at its next meeting.
- (i) Two City Representatives and two Participant Representatives shall be required to constitute a quorum for the transaction of any business of the Board. The Board may adopt rules and procedures which require the presence of a greater number of City Representatives and/or Participant Representatives for a quorum. At all meetings of the Board, each City and Participant Representative shall have one vote. In the event that the Participant Representative is absent, the alternate Participant Representative elected by the same class of Employees 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. Unless the Board adopts a resolution, rule or procedure requiring a higher vote with respect to a decision (or a class or type of decision), all decisions of the Board shall be by a majority of the votes cast.

- (j) If a 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.
- (l) The Board may create such committees and subcommittees as it shall deem necessary and appropriate, provided, however, that all proceedings and actions of any committees or 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 members 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 Conflicts 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 five (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 his duties the Board may, from time to time, employ agents and may delegate to them ministerial and limited discretionary duties as it sees fit.

- (f) The members of the Board shall perform their duties with respect to the Plan without receiving any compensation from the Plan.

### **13.5 Duties and Responsibilities 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 Pension Fund.
- (b) To act for the City in any matter directly pertaining to the investment of the Pension Fund.
- (c) To select, retain, and/or remove the Funding Agent, to cause the City to enter into a Funding Agreement on such terms and conditions as the Board deems advisable, and to establish and determine the amount of compensation to be paid to the Funding Agent.
- (d) To select one or more funding vehicles for the Plan.
- (e) To direct the Funding Agent with respect to the investment and/or investment allocation of the Pension Fund.
- (f) To retain or remove one or more investment managers to manage or direct investment allocations with respect to such portions of the Pension Fund as the Board shall designate.
- (g) To allocate investment duties and responsibilities between the Funding Agent and one or more investment managers.
- (h) To appoint and retain any Funding Agents custodians, investment managers, investment advisors, 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.
- (i) To establish reasonable rules and procedures to be followed with respect to the nomination (and removal) of Participant Representatives.
- (j) 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.

- (k) 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.

### **13.6 Administrator**

The Administrator shall have full power and authority to administer and operate the Plan in accordance with its terms and in particular the authority contained in Section 13.7, 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.

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.

The person or persons designated as the Administrator by the City Manager shall have full power and authority to administer and operate the Plan in accordance with its terms and in particular the authority contained in Section 13.7, 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.

If more than one person is designated as the Administrator by the City Manager, the committee thus formed shall be known as the Administrative Committee and all references in the Plan to the Administrator shall be deemed to apply to the Administrative Committee. Such Administrative Committee shall adopt reasonable rules and procedures for the conduct of its business.

### **13.7 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 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 Funding Agent concerning all payments which shall be made out of the Pension Fund pursuant to the provisions of this Plan or the Funding 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 Funding Agent.
- (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 Code Section 401(a).
- (m) To request determination letters from the Secretary of the Treasury that the Plan continues to meet the requirements for qualification under Code Section 401 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 Code Section 7476.
- (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.

### **13.8 Participation by Members of Board or Administrator**

No member of the Board or Administrative Committee shall not 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.

### **13.9 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.

### **13.10 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.

### **13.11 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.

### **13.12 Actions Conclusive**

Any action on matters within the discretion of the Board or the Administrator shall be final and conclusive except as provided in Article XIII.

### **13.13 Records and Reports**

- (a) The Administrator and the Board shall maintain (or cause to be maintained) 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.

#### **13.14 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 Pension 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.

#### **13.15 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 Pension Fund, or examine the records of the Plan or the Pension Fund, at any time.

#### **13.16 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 Funding Agent or any other fiduciaries in the performance of their respective duties and obligations under the Plan and the Funding 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 Administrator relied in good faith upon the action of such agent or the advice of such counsel.

### **13.17 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 XIV  
AMENDMENT & TERMINATION OF PLAN**

**14.1 Right of Amendment**

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 and, to the extent provided therein, to amend or modify the Funding Agreement. Upon any such modification or amendment, the Board and the Administrator shall be furnished a copy thereof.

The City shall endeavor to give at least twenty (20) days' advance notice via a posting on the City website to Participants prior to making any material changes to this Plan affecting participation, eligibility, contributions, or benefits under the Plan, except for changes required to maintain the qualification of the Plan under the Code or otherwise required by applicable law. No notice will be required if a proposed change is merely technical or administrative in nature and does not constitute a material change affecting participation, eligibility, contributions, or benefits under the Plan. However, if notice is provided with respect to a non-material change, the City shall endeavor to give at least ten (10) days' advance notice of such non-material change via a posting on a City website.

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, the drafter of such material change shall endeavor to provide Participants with at least twenty (20) days' advance notice (and ten (10) days advance notice, if a notice is provided with respect to a non-material change) via a posting on a City website of the substance of the proposed change before the City Council votes on the proposal. Any such notice will contain a "plain language" explanation of the substance of the proposed change. The Board may request that staff hold meetings with interested Participants to explain the proposal and answer any questions that have been submitted in writing by interested Participants at least five (5) days prior to the scheduled meeting. At least seven (7) days' notice shall be given of the time and place of any such meeting.

No pension or other benefit granted prior to the time of any amendment or modification of the Plan shall be reduced, suspended, or discontinued as a result thereof, except to the extent necessary to enable the Plan to meet the requirements for qualification under the Code or the requirements of any governmental authority. Moreover, no such action shall operate to recapture for the City any contributions made to the Pension Fund.

**14.2 Termination of the Plan**

The City reserves the right, by means of a written resolution adopted by the City Council, at any time to terminate the Plan. In the event of termination, no further benefits shall accrue, no further contributions shall be made, and all assets remaining in the Pension Fund, after provision has been made for payment of the expenses of administration and liquidation in connection with the

termination, shall be allocated by the Funding Agent upon the advice of the Actuary, among the Participants and Beneficiaries of the Plan, in the following manner and order of precedence:

- (a) First to that portion of a Participant's or Beneficiary's Accrued Benefit that is derived from the Participant's Mandatory Employee Contributions, Supplemental Employee Contributions, and Pick Up Contributions.
- (b) In the case of benefits payable as an annuity,
  - (1) in the case of the benefit of a Participant or Beneficiary which was in pay status as of the beginning of the three-year period ending on the termination date of the Plan, to each such benefit, based on the provisions of the Plan (as in effect during the five-year period ending on such date) under which such benefit would be the least; and
  - (2) in the case of a Participant's or Beneficiary's benefit (other than a benefit described in subparagraph (1) of this paragraph) which would have been in pay status as of the beginning of such three-year period if the Participant had retired prior to the beginning of such three-year period and if his benefits had commenced (in the normal form of annuity under the Plan) as of the beginning of such period, to each such benefit based on the provisions of the Plan (as in effect during the five-year period ending on such date) under which such benefit would be the least.

For purposes of subparagraph (1) of this paragraph, the lowest benefit in pay status during a three-year period shall be considered the three-year benefit in pay status for such period.

- (c) Next,
  - (1) to Participants age 60 or over; and
  - (2) to Participants age 50 to 59; and
  - (3) to Participants age 45 to 54, inclusive; and
  - (4) to Participants under age 45.

Notwithstanding any other provision of the Plan to the contrary, other than Sections 14.3 through 14.8, the amount allocated to any Participant under this Section 14.2 shall be fully vested and nonforfeitable. The City shall furnish all information reasonably required for the purposes of making such allocations. The Funding Agent shall implement the allocations determined under this Section among the persons for whose benefit such allocations are made through distribution of the assets of the Pension Fund, through application of the amounts allocated to the purchase from an insurance company of immediate or deferred annuities, or through creation of one or more new funds for the purpose of distributing the assets of the Pension Fund (to the extent so allocated), or by a combination of the foregoing.

### **14.3 Adjustment of Allocation**

The amount allocated under any paragraph of Section 14.2 with respect to any benefit shall be properly adjusted for any allocations of assets with respect to that benefit under a prior paragraph of Section 14.2.

### **14.4 Assets Insufficient for Allocation**

If the assets available for allocation under any paragraph of Section 14.2 (other than paragraph (c)) are insufficient to satisfy in full the benefits of all individuals which are described in that paragraph, the assets shall be allocated pro rata among such individuals on the basis of the present value (as of the date of termination of the Plan) of their respective benefits described in that paragraph.

### **14.5 Assets Insufficient for Allocation Under Paragraph (c) of Section 14.2**

This Section applies if the assets available for allocation under paragraph (c) of Section 14.2 are not sufficient to satisfy in full the benefits of individuals described in such paragraph.

- (a) If this Section applies, except as provided in paragraph (b), the assets shall be allocated to the benefits of individuals described in paragraph (c) of Section 14.2 on the basis of the benefits of individuals which would have been described in such paragraph under the Plan as in effect at the beginning of the five-year period ending on the date of termination of the Plan.
- (b) If the assets available for allocation under paragraph (a) of this Section are sufficient to satisfy in full the benefits described in such paragraph (without regard to this paragraph (b)), then for purposes of paragraph (a), benefits of individuals described in such paragraph shall be determined on the basis of the Plan as amended by the most recent Plan amendment effective during such five-year period under which the assets available for allocation are sufficient to satisfy in full the benefits of individuals described in paragraph (a), and any assets remaining to be allocated under such paragraph (a) on the basis of the Plan as amended by the next succeeding Plan amendment effective during such period.

### **14.6 Residual Assets**

Subject to the provisions of Section 14.9, any residual assets of the Plan shall be distributable to the City if:

- (a) all liabilities of the Plan to Participants and their beneficiaries have been satisfied; and
- (b) the distribution does not contravene any provision of law.



#### **14.7 Meanings of Terms**

The terms used in Sections 14.2 through 14.4 shall have, where required, the same meaning as the same terms have as used in Section 4044 of the Employee Retirement Income Security Act of 1974, as amended; provided, however, that any term specifically defined in the Plan shall retain its meaning as defined thereunder.

#### **14.8 Payments by the Funding Agent**

The Funding Agent shall make the payments specified in a written direction of the Administrator in accordance with the provisions of Section 14.2 until the same shall be superseded by a further written direction. The obligation of the Funding Agent to make any payment hereunder in all events shall be limited to the amount of the Pension Fund at the time any such payment shall become due.

#### **14.9 Residual Assets Distributable to the City**

Upon written notice from the Administrator that any residual assets of the Plan are distributable to the City in accordance with the provisions of Section 14.6, then the Funding Agent shall pay over such residual assets, or an amount equal to the fair market value of that portion of such residual assets which are not so paid, to the City; provided, however, that, under no circumstances or conditions other than as set forth in this Section 14.9 and in Section 12.6, shall any contribution of the City, or any portion of the proceeds or avails thereof, ever revert, be paid, or inure to the benefit, directly or indirectly, of the City or any Affiliate; nor shall any portion of the principal or the income from the Pension Fund ever be used for or diverted to any purpose other than for the exclusive benefit of Participants and persons claiming under or through them pursuant to the Plan.

**ARTICLE XV  
MISCELLANEOUS**

**15.1 No Commitment as to Employment**

Nothing contained herein shall be construed as a commitment or agreement on the part of any person to continue his employment with the City, or as a commitment on the part of the City to continue the employment, compensation, or benefits of any person for any period, and all employees of the City shall remain subject to discharge, layoff, or disciplinary action to the same extent as if the Plan had never been put into effect.

**15.2 Governing Law**

Except as provided under Federal law, the provisions of the Plan shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

**15.3 Benefit Offsets for Overpayments**

If a Participant or Beneficiary receives benefits hereunder for any period in excess of the amount of benefits to which he was entitled under the terms of the Plan as in effect for such period, such overpayment shall be offset against current or future benefit payments, as applicable, until such time as the overpayment is entirely recouped by the Plan.

**15.4 Veterans Reemployment Rights**

Notwithstanding any other provision of the Plan to the contrary, contributions, benefits and service credit with respect to qualified military service shall be provided in accordance with Code Section 414(u). A Participant who dies on or after January 1, 2007 while on a leave of absence for qualified military service under the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended, shall be treated as having died while actively employed as an Employee and shall receive additional death benefits (other than benefit accruals), if any.

## ADDENDUM

Re: Adjustment Factors

### Early Commencement Reduction Factors

<b>Number of Years from Annuity Starting Date to Normal Retirement Date:</b>	<b>Factors:</b>
<b>1</b>	93.33%
<b>2</b>	86.67%
<b>3</b>	80.00%
<b>4</b>	73.33%
<b>5</b>	66.67%
<b>6</b>	63.33%
<b>7</b>	60.00%
<b>8</b>	56.67%
<b>9</b>	53.33%
<b>10</b>	50.00%

Note: When a partial year is involved, the factor will be appropriately adjusted.

**Late Commencement Adjustment Factors**

<b>Number of Years from Normal Retirement Date to Annuity Starting Date:</b>	<b>Factors:</b>
<b>1</b>	106.00%
<b>2</b>	112.36%
<b>3</b>	119.10%
<b>4</b>	126.25%
<b>5</b>	133.82%
<b>6</b>	141.85%
<b>7</b>	150.36%
<b>8</b>	159.38%
<b>9</b>	168.95%
<b>10</b>	179.08%

Note: When a partial year is involved, the factor will be appropriately adjusted. Factors for other years and months will be determined in a manner consistent with the manner used in determining these factors.