

THE CITY OF PHOENIX
DEFINED CONTRIBUTION PLAN
(Originally Effective December 20, 2004)

Restated as
of January 1, 2014

TABLE OF CONTENTS

INTRODUCTION		1
ARTICLE I.	DEFINITIONS	2
1.1.	Definitions	2
ARTICLE II.	ELIGIBILITY AND PARTICIPATION.....	6
2.1.	Eligibility	6
2.2.	Participation.....	7
2.3.	Beneficiary Designation	8
2.4.	Notification of Individual Account Balance	8
ARTICLE III.	CONTRIBUTIONS.....	9
3.1.	Employer Contributions	9
3.2.	Rollover Contributions	15
3.3.	Payment of Employer Contributions to Trustee.....	16
3.4.	USERRA	16
3.5.	Excess Reimbursement Revenue.....	19
ARTICLE IV.	ALLOCATIONS TO INDIVIDUAL ACCOUNTS	19
4.1.	Individual Accounts	19
4.2.	Allocation of Employer Contributions	20
4.3.	Allocation of Rollover Contributions.....	21
4.4.	Annual Additions Limit.....	21
ARTICLE V.	DISTRIBUTIONS.....	25
5.1.	Distribution Upon Retirement	25
5.2.	Distribution Upon Death	25
5.3.	Distribution Upon Termination of Employment before Retirement	26
5.4.	Methods of Payment.....	26
5.5.	Distribution Election Procedures.....	29
5.6.	Distribution to Minors and Incompetents.....	30
5.7.	Lost Participants or Beneficiaries.....	30
5.8.	Minimum Required Distributions	31
5.9.	Direct Rollovers	38
5.10.	Direct Distributions for Qualified Health Insurance Premiums	40
ARTICLE VI.	LOANS AND WITHDRAWALS.....	41
6.1.	Loans to Participants	41
6.2.	In-Service Withdrawals from Rollover Contribution Sub-Account.....	44

6.3.	Plan-to-Plan Transfers to Purchase Defined Benefit Plan Service Credit	45
ARTICLE VII.	VALUATION OF TRUST FUND/INVESTMENT OF ACCOUNTS	46
7.1.	Valuation of Trust Fund	46
7.2.	Investment of Accounts.....	46
7.3.	Fee Disclosure	47
ARTICLE VIII.	TRUST FUND	47
8.1.	The Trust Fund	47
8.2.	The Trustee.....	47
ARTICLE IX.	PLAN ADMINISTRATION	48
9.1.	Fiduciaries	48
9.2.	The Board	49
ARTICLE X.	AMENDMENT, TERMINATION AND MERGERS.....	52
10.1.	Amendment of the Plan.....	52
10.2.	Termination of the Plan.....	53
ARTICLE XI.	MISCELLANEOUS.....	53
11.1.	Governing Law	53
11.2.	Construction	54
11.3.	Administration Expenses.....	54
11.4.	Effect of Adoption and Maintenance of the Plan	54
11.5.	Nonalienation of Interest	55
11.6.	Mistake of Fact.....	55
11.7.	Tax Consequences.....	55

INTRODUCTION

In accordance with Chapter 2, Article XXXV, Phoenix City Code (as added by Ordinance G-4634, passed by the Council of the City of Phoenix on August 31, 2004), the City of Phoenix, Arizona (the "City") adopted the City of Phoenix Defined Contribution Plan (the "Plan"), effective December 20, 2004. Since that time the Plan has been amended numerous times.

The Plan is a defined contribution profit sharing plan under which contributions of the value of accumulated leave and compensatory time balances, "nonelective employer contribution amounts" and "supplemental amounts" will be made by the City on behalf of eligible employees. It is intended that these contributions be recurring and substantial in accordance with section 1.401-1(b)(2) of the Treasury regulations.

The Plan is intended to be a tax-qualified retirement plan under section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code") that is established for the exclusive benefit of the City's employees and their beneficiaries, in accordance with section 1.401-1(a)(3) of the Treasury regulations. The Plan is a "governmental plan" under Code Section 414(d) and Section 3(32) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). As a "governmental plan" under ERISA, the Plan is exempt from the provisions of Title I of ERISA.

The assets of the Plan shall be held in a trust fund for the exclusive benefit of the City's employees and their beneficiaries. Such trust fund is intended to be a qualified trust under Code Section 401(a) exempt from taxation under Code Section 501(a).

This document restates the Plan in its entirety.

ARTICLE I.

DEFINITIONS

1.1. Definitions

As used herein, unless otherwise required by the context, the following words and phrases shall have the meanings indicated:

2009 RMDs – The amount a Participant or Beneficiary would have been required to receive as a minimum required distribution for 2009 but for the enactment of Code Section 401(a)(9)(H).

Accumulated Leave/Compensatory Time Contribution Sub-Account – That portion of a Participant's Individual Account attributable to Accumulated Leave/Compensatory Time Contributions or Accumulated Leave Contributions made pursuant to Section 3.1(a) and any earnings and losses on such contributions.

Accumulated Leave Time Value – Effective March 1, 2014, the value of an Employee's accumulated sick leave at Retirement determined by multiplying the applicable percentage, based on the collective bargaining agreement or City policy to which the Employee is subject, by the amount of Plan-eligible accumulated sick leave available for conversion under such collective bargaining agreement or City policy.

Accumulated Leave/Compensatory Time Value – Prior to March 1, 2014, the value of an Employee's accumulated sick leave, vacation and compensatory time leave at Retirement, determined by multiplying the applicable percentage, based on the collective bargaining agreement or City policy to which the Employee is subject, by the amount of Plan-eligible accumulated sick leave, vacation and compensatory leave time available for conversion under such collective bargaining agreement or City policy.

Administrative Service Provider – Any entity or individual selected by the Board and contracted with by the City to provide contractual administrative services to the Plan.

Base Annual Salary – For purposes of Appendix 2, regular wages based on regular hours worked at the Employees' hourly rate of pay.

Beneficiary – The person or entity designated under Section 2.3 to receive such benefits as may become payable under the Plan after the death of a Participant.

Board – The Phoenix Employees' Deferred Compensation Board, or a designee of The Phoenix Employees' Deferred Compensation Board to whom the Board has delegated any administrative duties.

City – The City of Phoenix, Arizona, a municipal corporation, or any agencies, departments, subdivisions or instrumentalities thereof.

Code – The Internal Revenue Code of 1986, as amended.

Contributions – Employer Contributions made pursuant to Section 3.1 and Rollover Contributions made pursuant to Section 3.2.

COPERS – The City of Phoenix Employees' Retirement System.

Effective Date – December 20, 2004.

Employee – An incumbent or occupant of a full-time benefit eligible position as determined by the City's Personnel Department.

Employer Contributions – Contributions made by the City pursuant to Section 3.1. Employer Contributions shall include Accumulated Leave/Compensatory Time Contributions, Accumulated Leave Contributions, Nonelective Employer Contributions and Supplemental Contributions.

Extended 2009 RMDs – 2009 RMD distributions that are equal to one or more payments in a series of substantially equal distributions (that include the 2009 RMDs) made at least annually and expected to last for the life (or life expectancy) of the Participant, the joint lives (or joint life expectancy) of the Participant and the Participant's designated Beneficiary, or for a period of at least 10 years.

457 Plan – The City of Phoenix Deferred Compensation Program Plan.

Fiduciary – The City, individual Board members, the Board, Administrative Service Providers, or any agent or designee with discretionary authority for the Plan or any provider of services to the Plan.

General Employee – Any Employee considered a General Employee by the City pursuant to the classifications set forth in Appendix 1.

Gross Salary or Gross Pay – For purposes of Appendix 2, regular wages, plus other taxable earnings such as overtime, shift differential and longevity, but excluding uniform and tool allowances.

Individual Account – The account established pursuant to Section 4.1 under which Contributions under the Plan, and earnings and losses thereon, shall be credited. An Individual Account may include an Accumulated Leave/Compensatory Time Contribution Sub-Account, a Nonelective Employer Contribution Sub-Account, a Supplemental Contribution Sub-Account and a Rollover Contribution Sub-Account.

Investment Option or Options – The investment vehicle or vehicles offered under the Plan in which a Participant elects to have his or her Individual Account invested pursuant to Section 7.2.

Nonelective Employer Contributions – Contributions pursuant to Section 3.1(b) or 3.1(c).

Nonelective Employer Contribution Amount – A flat percentage of Base Annual Salary, Gross Salary or Gross Pay and/or a dollar amount per pay period, as in effect from time to time under an applicable collective bargaining agreement or City policy and as to which Nonelective Employer Contributions may be made pursuant to Section 3.1(b) or 3.1(c).

Nonelective Employer Contribution Sub-Account - That portion of a Participant's Individual Account attributable to Nonelective Employer Contributions pursuant to Section 3.1(b) or (c).

Participant – An Employee or a former Employee, a Beneficiary or an alternate payee who retains benefits or other rights under the Plan.

Plan – The City of Phoenix Defined Contribution Plan, as contained herein or as duly amended.

Plan Year – The initial Plan Year shall commence on December 20, 2004 and end on December 31, 2004. Commencing January 1, 2005, the Plan Year shall be each January 1 to December 31.

PSPRS – The State of Arizona Public Safety Personnel Retirement System.

Public Safety Employee – Any Employee considered a Public Safety Employee by the City pursuant to the classifications set forth in Appendix 1.

Retirement – The termination of employment with the City on the part of an Employee at a time when such Employee is eligible for retirement under COPERS or PSPRS. Notwithstanding the preceding sentence, for an Employee who participates in the deferred retirement option plan ("DROP") under PSPRS, "Retirement" shall mean the termination of his or her participation in DROP.

Rollover Contribution Sub-Account – That portion of a Participant's Individual Account attributable to Rollover Contributions made pursuant to Section 3.2 and earnings or losses on such contributions.

Rollover Contributions – A direct rollover of an eligible rollover distribution or a participant contribution of an eligible rollover contribution made pursuant to Section 3.2.

Supplemental Contribution Sub-Account – That portion of a Participant's Individual Account attributable to Supplemental Contributions made pursuant to Section 3.1(d) and earnings and losses on such contributions.

Supplemental Contributions – Mandatory contributions made pursuant to Section 3.1(d).

Trust Fund – The trust fund created pursuant to Section 8.1.

Trustee – The individual, individuals, or entity, or combination thereof, designated to hold in trust all assets of the Plan.

Valuation Date – The date as of which the Trust Fund and each Participant's Individual Account thereunder is valued pursuant to Section 7.1.

ARTICLE II.

ELIGIBILITY AND PARTICIPATION

2.1. Eligibility

All General Employees and Public Safety Employees are entitled to participate in the Plan. However, certain groups of General Employees and Public Safety Employees will receive different Contributions as specified in Article III.

(a) Eligibility for Accumulated Leave/Compensatory Time Contributions

An Accumulated Leave/Compensatory Time Contribution Sub-Account shall be established for the following:

- (1) **OBSOLETE**

(2) A General Employee for whom Accumulated Leave/Compensatory Time Contributions or Accumulated Leave Contributions are made under Section 3.1(a)(2) upon his Retirement on or after January 8, 2005.

(3) **OBSOLETE**

(4) A Public Safety Employee for whom Accumulated Leave/Compensatory Time Contributions or Accumulated Leave Contributions are made upon his or her Retirement on or after July 1, 2007 under Section 3.1(a)(4).

(b) Eligibility for Nonelective Employer Contributions

A Nonelective Employer Contribution Sub-Account shall be established for an Employee for whom Nonelective Employer Contributions are made under Section 3.1(b) and (c).

(c) Eligibility for Supplemental Contributions

A Supplemental Contribution Sub-Account shall be established for the following:

(1) An Employee for whom Supplemental Contributions are made under Section 3.1(d)(1).

(2) **OBSOLETE**

2.2. Participation

(a) Each Employee shall remain a Participant as long as he or she remains an Employee eligible for a Contribution or, if later, until his or her Individual Account has been completely distributed. If a Participant terminates employment with the City with no balance in his or her Individual Account, he or she shall cease being a Participant upon such termination of employment.

(b) If an Employee terminates employment with the City and is subsequently reemployed as an Employee, such Employee shall become a Participant pursuant to Section 2.1.

2.3. Beneficiary Designation

(a) Unless a Participant makes a Beneficiary designation specific to this Plan, the Participant's Beneficiary for purposes of this Plan automatically shall be the beneficiary most recently designated (or deemed designated) by the Participant under the 457 Plan. (The rule set forth in the preceding sentence shall apply even if the Participant's account under the 457 Plan has been completely distributed to him or her.) A Participant may make a Beneficiary designation specific to this Plan by following such procedures as have been established by the Board and the Plan's recordkeeper for that purpose. A Participant may at any time change his or her Beneficiary designation specific to this Plan by following such procedures as have been established by the Board and the Plan's recordkeeper for that purpose. A change in Beneficiary designation specific to this Plan shall be deemed to revoke any prior such designation or designations, and, upon the death of a Participant, the Board shall be entitled to rely on the Beneficiary designation specific to this Plan (if any) most recently made by the Participant. In the event that a designated Beneficiary specific to this Plan predeceases the Participant, the Participant's Beneficiary for purposes of this Plan shall be the beneficiary most recently designated (or deemed designated) by the Participant under the 457 Plan.

(b) To the extent permitted by applicable law, the determination of the Board with respect to any Beneficiary designation shall be binding and conclusive upon all parties.

2.4. Notification of Individual Account Balance

As of the last day of each calendar quarter, the Plan's recordkeeper shall notify each Participant of the amount of Contributions made on his or her behalf for the period just completed and the balance of his Individual Account, including distributions, loans, withdrawals and transfers, if any, since the effective date of the last statement.

ARTICLE III.
CONTRIBUTIONS

3.1. Employer Contributions

(a) Accumulated Leave/Compensatory Time Contributions

(1) **OBSOLETE**

(2) Employer Contributions for General Employees Retiring on or after January 8, 2005

Subject to the limitations set forth in Section 4.4, upon the Retirement of a General Employee on or after January 8, 2005 through February 28, 2014, the City shall automatically make an Accumulated Leave/Compensatory Time Contribution to the Plan on behalf of such General Employee equal to his or her Accumulated Leave/Compensatory Time Value at Retirement. On and after March 1, 2014, the City shall automatically make an Accumulated Leave Contribution to the Plan on behalf of such General Employee equal to his or her Accumulated Leave Value at Retirement. Such Accumulated Leave/Compensatory Time or such Accumulated Leave Contribution shall be made as soon as administratively practicable following the General Employee's Retirement. In addition, from January 8, 2005 through April 14, 2013, the City shall make an additional contribution equal to 2.35% of his or her Accumulated Leave/Compensatory Time Value. Effective April 15, 2013, through February 28, 2014, the City shall make an additional contribution equal to 2.35% of his or her Accumulated Leave/Compensatory Time Value actually contributed to the Plan. No General Employee eligible for such Accumulated Leave/Compensatory Time or such Accumulated Leave Contribution may receive any portion of his or her Accumulated Leave/Compensatory Time or such Accumulated Leave Value in cash.

(3) **OBSOLETE**

(4) Employer Contributions for Public Safety Employees Retiring on or after July 1, 2007

Subject to the limitations set forth in Section 4.4, upon the retirement of a Public Safety Officer retiring on or after July 1, 2007 through February 28, 2014, the City shall automatically make an Accumulated Leave/Compensatory Time Contribution to the Plan on behalf of such Public Safety Employee equal to 100% of his or her Accumulated Leave/Compensatory Time Value at Retirement. On and after March 1, 2014, the City shall automatically make an Accumulated Leave Contribution to the Plan on behalf of such Public Safety Officer equal to his or her Accumulated Leave Value at Retirement. Such Accumulated Leave/Compensatory Time or Accumulated Leave Contribution shall be made as soon as administratively practicable following the Public Safety Employee's retirement. No Public Safety Employee eligible for such Accumulated Leave/Compensatory Time or such Accumulated Leave Contribution may receive any portion of his or her Accumulated Leave/Compensatory Time or such Accumulated Leave Value in cash.

(5) Notwithstanding any other provisions of Section 3.1(a), if any portion of an Employees' Accumulated Leave/Compensatory Time or such Accumulated Leave Value cannot be contributed to the Plan due to the limitations of Section 4.4, such Accumulated Leave/Compensatory Time or such Accumulated Leave Value shall automatically be paid to the Employee upon his or her Retirement to the extent any amounts remain after a mandatory contribution of the Employee's excess Accumulated Leave/Compensatory Time or Accumulated Leave Value (up to the applicable limitation

under Code Section 457(b)(2)) has been made by the City to the Employee's account under the 457 Plan.

(6) If any Employee dies in the line of duty, the Employees' Accumulated Leave/Compensatory Time or Accumulated Leave Contributions, as determined under Section 3.1(a) as applicable, will be automatically made to this Plan. If any portion of an Employees' Accumulated Leave/Compensatory Time or Accumulated Leave Value cannot be contributed to the Plan due to the limitations of Section 4.4, such Accumulated Leave/Compensatory Time or Accumulated Leave Value shall be automatically paid, as soon as administratively feasible, to the Employee's Beneficiary to the extent any amounts remain after a mandatory contribution of the Employee's excess Accumulated Leave/Compensatory Time or Accumulated Leave Value (up to the applicable limitation under Code Section 457(b)(2)) has been made by the City to the Employee's account under the 457 Plan.

(b) Nonelective Employer Contributions: Permanent Provision

(1) Subject to the limitations set forth in Section 4.4, the Nonelective Employer Contribution Amounts (as described in Appendix 2 as amended from time to time) shall be contributed by the City to this Plan. No Employee may elect to receive any portion of Nonelective Employer Contribution Amounts in cash. Nonelective Employer Contributions made pursuant to this Section 3.1(b)(1) shall be made for the exclusive benefit of Employees and their Beneficiaries in accordance with section 1.401-1(a)(3) of the Treasury regulations and are intended to be recurring and substantial in accordance with section 1.401-1(b)(2) of the Treasury regulations.

(2) If all or part of the Nonelective Employer Contribution Amounts (as described in Appendix 2 as amended from time to time) cannot be contributed by the City to this Plan because of the limitations set forth in Section 4.4, then the excess amount shall be contributed to the 457 Plan to the Employee's account in that plan, subject to the applicable limitations under the Code. If the full amount of the excess amount cannot be contributed to the 457 Plan because of the applicable limitations, then the balance shall be paid to the Employee in cash.

(c) **OBSOLETE**

(d) Supplemental Contributions

For purposes of this Section 3.1(d):

(i) "compensation" shall mean any earnings that contribute to an Employee's taxable federal gross income, including regular wages, overtime, shift differential, longevity, uniform allowance, tool allowance, and specialty pay; and

(ii) annual compensation of each Employee taken into account in determining Supplemental Contributions for any Plan Year beginning after December 31, 2004, shall not exceed \$200,000, as adjusted for cost-of-living increases in accordance with Code Section 401(a)(17)(B), and

(iii) any Supplemental Contribution under this Section 3.1(d) that cannot be contributed by the City to this Plan because of the limitations set forth in Section 4.4 shall be paid to the Participant in cash.

For all purposes of the Plan, a "pick up contribution" made pursuant to this Section 3.1(d) shall be considered an Employer Contribution.

(1) Pick Up Contributions for New Employees and New Public Safety Employees: Permanent Provision – for those Hired on or after April 1, 2008.

(A) With respect to an Employee or a Public Safety Employee hired on or after April 1, 2008, subject to the limitations set forth in Section 4.4, an eligible Employee or Public Safety Employee may make an election to have contributions made to the Plan by irrevocably electing salary reduction in the amount of a designated percentage (from among the available percentages as set forth in Appendix 3 as amended from time to time) of the compensation otherwise payable to him or her on or after April 1, 2008 to be paid by the City into the Plan. Such payment by the City into the Plan shall be a "pick up contribution" pursuant to Code Section 414(h)(2). Such election shall be made no later than the Employee's first becoming eligible under any plan or arrangement of the City. Pursuant to such election, the City will pick up and pay the elected amount directly to the Plan, and the Employee will not have the option of choosing to receive the elected amount directly instead of having it paid by the City to the Plan. The City's payment to the Plan of the elected amount shall be made as soon as administratively practicable following the date the compensation would have otherwise been payable to the Employee. No Employee eligible for such "pick up contribution" shall be permitted to make contributions of any portion of his or her compensation directly to the Plan. The effective date of the pickup shall be no earlier than the date the payroll authorization form described in subparagraph (B) below is signed by the Employee.

(B) The election described in subparagraph (A) above shall be made no later than the Employee's first becoming eligible under any plan or arrangement of the City by completing a payroll authorization form designated for that purpose and filing such form in accordance with such procedures as have been established by the Board and the Plan's recordkeeper for that purpose. Such form shall provide (i) that the Employee understands that the election shall be binding and irrevocable as long as he or she remains in the employ of the City; (ii) that the Employee authorizes the salary reduction for pick up purposes; (iii) that the Plan will only accept payment from the City and not directly from the Employee; and (iv) that the elected amount is being picked up by the City and paid directly to the Plan and that, after executing the authorization, the Employee does not have the option of choosing to receive the elected amount directly instead of having it paid by the City to the Plan.

(C) An Employee described in subparagraph (A) above who fails to make the election specified in subparagraphs (A) and (B) shall be deemed to have irrevocably elected to have 0% of the compensation otherwise payable to him or her contributed to the Plan.

(D) The election made by an Employee to make (or to not make) Supplemental Contributions is irrevocable and remains in place in the event that the Employee transfers to a position under the same or different Employee classification (or terminates employment with the City and is subsequently reemployed under the same or different Employee classification).

(2) **OBSOLETE**

3.2. Rollover Contributions

(a) If authorized by the Board, the Plan shall allow Participants to make Rollover Contributions from the type of plans described in subsection (b) below. A Participant shall make a Rollover Contribution by following such procedures as have been established by the Board and the Plan's recordkeeper for that purpose.

(b) (1) The Plan will accept a direct rollover of an eligible rollover distribution, as defined in Code Section 402(f)(2)(A), from:

(A) a qualified plan described in Code Section 401(a) or 403(a), excluding after-tax employee contributions; or

(B) an annuity contract described in Code Section 403(b), excluding after-tax employee contributions.

In addition, a direct rollover may include 2009 RMDs and Extended 2009 RMDs.

(2) The Plan will accept a participant contribution of an eligible rollover distribution, as defined in Code Section 402(f)(2)(A), from:

(A) a qualified plan described in Code Section 401(a) or 403(a); or

(B) an annuity contract described in Code Section 403(b).

(3) The Plan will accept a participant rollover contribution of the portion of a distribution from an individual retirement account or annuity described in Code Section 408(a) or 408(b) that is eligible to be rolled over and would otherwise be includible in gross income.

(c) The Board may require a Participant requesting to make a Rollover Contribution to provide whatever documentation and/or certifications the Board deems necessary to

reasonably conclude that the Rollover Contribution satisfies the conditions set forth in subsection (b) above.

(d) Rollover Contributions must be made in cash.

(e) If the Board, after reasonably concluding that a Rollover Contribution made by a Participant met the conditions set forth in subsection (b) above, later determines that the Rollover Contribution did not meet those conditions, it shall direct the Trustee to distribute to the Participant the amount of such Rollover Contribution, plus any earnings attributable thereto, within a reasonable time after such determination.

3.3. Payment of Employer Contributions to Trustee

Unless an earlier time for contribution is specified elsewhere in this Plan, in all events the City shall pay to the Trustee the Employer Contributions for each Plan Year within the time prescribed by law.

3.4. USERRA

(a) Notwithstanding any provision of this Plan to the contrary, an Employee who is entitled to reemployment pursuant to the terms of the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) may make additional pick-up contributions under the Plan as provided in that act for the years of his or her qualified military service. Any such contributions will not be subject to the limits set forth above in the year in which picked-up, but will be subject to the limits for the year to which such contributions relate. Employer Contributions with respect to qualified military service will be provided in accordance with Code Section 414(u). Employer Contributions (including pick-up contributions), benefits, and service credit with respect to qualified military service shall be provided in accordance with USERRA;

Code Section 414(u); and, effective January 1, 2007, Code Section 401(a)(37), as amended from time to time.

(b) For purposes of this Section, "qualified military service" means any service in the uniformed services as defined in USERRA by any individual if such individual is entitled to reemployment rights under USERRA with respect to such service.

(c) If the Employee timely resumes employment in accordance with USERRA after a qualified military leave, the Employer shall make any Employer Contributions that would have been made if the Participant had remained employed during the Employee's qualified military service. Employer Contributions made under this paragraph must be made no later than ninety (90) days after the date of reemployment or when Employer Contributions are normally due for the year in which the qualified military service was performed, if later. In determining the Employer Contributions, an Employee shall be treated as receiving Compensation from the Employer during such period of qualified military service equal to (i) the Compensation the Employee would have received during such period if the Employee were not in qualified military service, determined based on the rate of pay the Employee would have received from the Employer but for the absence during the period of qualified military service, or (ii) if the Compensation the Employee would have received during such period is not reasonably certain, the Employee's average Compensation from the Employer during the twelve (12) month period immediately preceding the qualified military service (or, if shorter, the period of employment immediately preceding the qualified military service). The Employee may make-up contributions (adjusted for any contributions made during the qualified military service) upon reemployment during the period which begins on the date of the Employee's reemployment and has the same length as the lesser of 3 times the period of qualified military service and 5 years.

(d) To the extent provided under Code Section 401(a)(37), in the case of an Employee whose employment is interrupted by qualified military service and who dies while performing qualified military service, the survivor of such Employee shall be entitled to any additional benefit (other than benefit accruals) provided under the Plan as if the Employee timely resumed employment in accordance with USERRA and then, on the next day, terminated employment on account of death.

(e) Effective January 1, 2012, for the purpose of calculating and making Employer and pick-up contributions, an Employee whose employment is interrupted by qualified military service and who dies or becomes disabled while performing qualified military service shall be treated as though the Employee had remained in employment with the City for the duration of his qualified military service and that his employment with the City terminated on the day after the Employee's date of death or disability. For purposes of this paragraph, "disabled" means that the Employee has been determined to be disabled by the appropriate military authority; and "date of disability" means the end date of the Employee's qualified military service, or the Employee's return to employment, if later.

(f) Effective January 1, 2009, any differential wage payment within the meaning of Code Section 414(u)(12)(D) shall be treated as Section 415 compensation for purposes of Section 4.4(d)(3) to the extent the differential wage is not treated as an Employer pick-up contribution. An Employee receiving a differential wage payment within the meaning of IRC Section 414(u)(12)(D) from the Employer, shall be treated as an Employee who is eligible to have pick-up contributions made from the differential wage payment. This provision shall be applied to all similarly situated individuals in a reasonably equivalent manner.

3.5. Excess Reimbursement Revenue.

(a) The City and the Plan Administrator may mutually agree to use excess reimbursement revenue amounts for additional services under the agreement or additional earnings credited to Participant Accounts. These service expansions or other credits shall be for the exclusive benefit of Participants. The excess reimbursement revenue represents the assets remaining from the reimbursement fees (revenue sharing fees) paid to the Plan Administrator after earnings are credited and fees are deducted for Participants' accounts; Plan Administrator's quarterly fee is deducted; and the City's quarterly fee for administrative costs is deducted. The excess reimbursement revenue for the Plan is maintained by the Plan Administrator in a separate interest-bearing account, as part of Plan assets, and must be included in the financial reporting to the Board by the Plan Administrator.

(b) Effective January 1, 2012, any excess reimbursement revenue shall be allocated by the Plan Administrator in aggregate amounts of \$25.00 or more to Participants' accounts on a per capita basis; provided, however, that if the amount of excess reimbursement revenue is not sufficient for payments of \$25.00 or more to be made, the Plan Administrator shall continue to retain the revenue for use in paying future administrative expenses or future earnings credited to Participants. If crediting excess reimbursement revenue to Participants would result in a remaining excess revenue amount that would be less than the minimum amount established by the Board, no excess reimbursement revenue will be allocated to Participants.

ARTICLE IV.

ALLOCATIONS TO INDIVIDUAL ACCOUNTS

4.1. Individual Accounts

(a) The Board shall establish and maintain an Individual Account in the name of each Participant, to which the Board shall credit all Contributions allocated to each such Participant

under Sections 4.2 and 4.3. An Individual Account may include an Accumulated Leave/Compensatory Time Contribution Sub-Account, a Nonelective Employer Contribution Sub-Account, a Supplemental Contribution Sub-Account and a Rollover Contribution Sub-Account.

(b) A separate Individual Account shall continue to be maintained for each Participant who terminates employment with the City until his or her benefits under the Plan have been completely distributed.

(c) The maintenance of separate Individual Accounts shall not require a segregation of Trust Fund assets, and no Participant shall acquire any right to or interest in any specific asset of the Trust Fund as a result of the allocations provided for in Sections 4.2 or 4.3.

4.2. Allocation of Employer Contributions

(a) Accumulated Leave/Compensatory Time Contributions or Accumulated Leave Contributions

Prior to March 1, 2014, Accumulated Leave/Compensatory Time Contributions and on and after March 1, 2014, Accumulated Leave Contributions shall be allocated to the Participant's Accumulated Leave/Compensatory Time Sub-Account and shall be invested in accordance with the Investment Option or Options designated under Section 7.2.

(b) Nonelective Employer Contributions

Nonelective Employer Contributions shall be allocated to the Participant's Nonelective Employer Contribution Sub-Account and shall be invested in accordance with the Investment Option or Options designated under Section 7.2.

(c) Supplemental Contributions

Supplemental Contributions shall be allocated to the Participant's Supplemental Contribution Sub-Account and shall be invested in accordance with the Investment Option or Options designated under Section 7.2.

4.3. Allocation of Rollover Contributions

Rollover Contributions shall be allocated to the Participant's Rollover Contribution Sub-Account and shall be invested in the Investment Option or Options designated under Section 7.2.

4.4. Annual Additions Limit

(a) Notwithstanding any other provision of this Plan to the contrary, the total "annual additions" credited to a Participant's Individual Account under this Plan for any "limitation year," when combined with any "annual additions" credited to the Participant for the same period under any other defined contribution plan maintained by the City, shall not exceed the lesser of the following:

(1) \$40,000, as adjusted for increases in the cost of living under Code Section 415(d); or

(2) 100% of the Participant's total "Section 415 compensation" received from the City for such "limitation year".

(b) In the event a Participant is covered by this Plan and any other qualified defined contribution plan maintained by the City, the maximum Employer Contributions made to this Plan shall be decreased as determined necessary by the Board to insure that the limitations set forth in subsection (a) above are not exceeded.

(c) With respect to Plan Years before December 1, 2008, if, as a result of a reasonable error in estimating a Participant's annual compensation or under other limited facts

and circumstances that the Commissioner of Internal Revenue finds justify the availability of the rules set forth in this subsection (d), the "annual additions" for a particular Participant would cause the limitations set forth in subsection (a) above to be exceeded, the excess amounts shall not be deemed "annual additions" in that "limitation year" and such amounts must be used to reduce Employer Contributions for the next "limitation year" (and succeeding "limitation years," as necessary) for all of the remaining Participants in the Plan.

(d) For purposes of this Section 4.4, the following words and phrases shall have the meanings indicated:

(1) Annual additions – The sum of (A) Employer Contributions; (B) employee contributions; (C) forfeitures; and (D) amounts allocated to an individual medical plan which is part of a pension or annuity plan. For purposes of this definition, "employee contributions" do not include Rollover Contributions. The limitation set forth in subsection (a)(2) above shall not apply to the amount described in (D) above or to any contribution for medical benefits (within the meaning of Code Section 419A(f)(2)) after separation from service which is otherwise treated as an annual addition.

(2) Limitation year – Each January 1 to December 31.

(3) Section 415 compensation – An Employee's wages within the meaning of Code Section 3401(a) and all other payments of compensation to an Employee by the City (in the course of the City's trade or business) for which the City is required to furnish the Employee a written statement under Code Sections 6041(d), 6051(a)(3) and 6052. Section 415 Compensation also shall include any elective deferral (as defined in Code Section 402(g)(3)) and any amount which is contributed or deferred by the City at the election of the Employee and which is not includible in the gross income of the

Employee by reason of Code Sections 125, 132(f)(4) or 457. Section 415 Compensation shall be determined without regard to any rules under Code Section 3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Code Section 3401(a)(2)).

Nonelective Employer Contributions to the Plan are not Section 415 Compensation.

Solely, for purposes of this Section, effective January 1, 2008, compensation paid to the Participant by the later of 2½ months after severance from employment or the end of the limitation year that includes such severance from employment shall be included in Section 415 Compensation if it is compensation that, absent a severance from employment, would have been paid to the Participant while the Participant continued in employment with the City and are:

(A) regular compensation for services during the Participant's regular working hours, or compensation for services outside the Participant's regular work hours (such as overtime or shift differential), commissions, bonuses, or other similar payments, and the compensation would have been paid to the Participant prior to a severance from employment if the Participant had continued employment with the City; or

(B) payments 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; or

(C) payments pursuant to a nonqualified unfunded deferred compensation plan, but only if the payments would have been paid to the Participant at the same time if the Participant had continued employment with the City and only to the extent that the payment is includible in the Participant's gross income.

Any payments to a Participant by the City not described above are not considered Section 415 Compensation if paid after severance from employment, even if it is paid within 2½ months following severance from employment, except for payments to the individual who does not currently perform services for the City by reason of qualified military service (within the meaning of Code Section 414(u)(1)) to the extent these payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the City rather than entering qualified military service.

An employee who is in qualified military service (within the meaning of Code Section 414(u)(1)) shall be treated as receiving Section 415 Compensation from the employer during such period of qualified military service equal to (i) the Section 415 Compensation the employee would have received during such period if the employee were not in qualified military service, determined based on the rate of pay the employee would have received from the employer but for the absence during the period of qualified military service, or (ii) if the Section 415 Compensation the employee would have received during such period was not reasonably certain, the employee's average compensation from the employer during the twelve month period immediately preceding the qualified military service (or, if shorter, the period of employment immediately preceding the qualified military service).

For purposes of this Section, Section 415 Compensation shall not exceed the applicable limit established by Code Section 401(a)(17) as of the first day of the limitation year, as increased for the Cost of Living Adjustment. The Cost of Living Adjustment in effect for a calendar year applies to compensation for the limitation year that begins with or within such calendar year.

(e) The provisions of this Section 4.4 shall be applied in accordance with Code Section 415, the regulations promulgated thereunder, and Appendix 6.

ARTICLE V.

DISTRIBUTIONS

5.1. Distribution Upon Retirement

Subject to Section 5.8, all, or any portion of, the value of the Individual Account of a Participant who has a Retirement shall be paid as soon as administratively practicable following receipt of his or her request for a distribution made pursuant to Section 5.5. Upon receipt of a distribution request, the Board shall direct the Trustee to make a distribution to the Participant in accordance with such request.

5.2. Distribution Upon Death

(a) Subject to Section 5.8, all, or any portion of, the value of the Individual Account of a Participant who dies before receiving (or having begun to receive) his benefit under the Plan shall be paid to his or her Beneficiary as soon as administratively feasible following receipt of the Beneficiary's request for a distribution made pursuant to Section 5.5. (For any Participant who has begun benefit payments under the Plan, the provisions of such form of distribution shall control any payments upon the death of such Participant.) Upon receipt of a distribution request, the Board shall direct the Trustee to make a distribution to the deceased Participant's Beneficiary in accordance with such request.

(b) The Board may require such proper proof of death and such evidence of the right of any person to receive payment of the value of the Individual Account of a deceased Participant as it may deem desirable. To the extent permitted by applicable law, the determination of the Board with respect to a Participant's death shall be binding and conclusive upon all parties.

(c) After the death of the Participant and before distribution of the Participant's Individual Account, the Participant's Beneficiary shall be entitled to select the Investment Option or Options in which such Individual Account will be invested in accordance with Section 7.2.

5.3. Distribution Upon Termination of Employment before Retirement

(a) Subject to Section 5.8, all, or any portion of, the value of the Individual Account of a Participant who has a termination of employment with the City before Retirement shall be paid as soon as administratively practicable following receipt of his or her request for a distribution made pursuant to Section 5.5. Upon receipt of a distribution request, the Board shall direct the Trustee to make a distribution to the Participant in accordance with such request.

(b) A Participant shall become 100% vested in his or her Individual Account immediately upon participation in the Plan.

5.4. Methods of Payment

(a) Subject to Section 5.8, distribution of benefits under the Plan to a Participant or Beneficiary under Section 5.1 or 5.3 may be made in any one of the following forms:

(1) A full lump sum payment in cash equal to the value of the Participant's entire Individual Account.

(2) A partial lump sum payment in cash equal to a designated portion of the Participant's Individual Account.

(3) Monthly, quarterly, semi-annual or annual installments (as elected by the Participant) payable from the Trust Fund in one of the following ways (as elected by the Participant): (A) in a designated amount (and, if elected by the Participant, subject to an annual cost-of-living adjustment); (B) over a designated period of between one and 30 years; or (C) over the life expectancy of the Participant or the joint life expectancies of the Participant and his or her beneficiary.

(4) An annuity contract, purchased from an insurance company and utilizing the value of the Participant's Individual Account, which provides for fixed or variable monthly, quarterly, semi-annual or annual payments (as elected by the Participant) over the Participant's lifetime.

(5) An annuity contract, purchased from an insurance company and utilizing the value of the Participant's Individual Account, which provides for fixed or variable monthly, quarterly, semi-annual or annual payments (as elected by the Participant) over the Participant's lifetime and for monthly payments equal to 50%, 66 2/3%, 75% or 100% thereof (as elected by the Participant) to be continued after his or her death to the Participant's designated Beneficiary over the lifetime of the designated Beneficiary. If the designated Beneficiary is not living upon the death of the Participant, no death benefit shall be payable.

(6) An annuity contract, purchased from an insurance company and utilizing the value of the Participant's Individual Account, which provides for fixed or variable monthly, quarterly, semi-annual or annual payments payable (as elected by the Participant) over the Participant's lifetime and in the event of his or her death before 60, 120, 180, 240, 300 or 360 monthly payments (as elected by the Participant) have been

paid, such payments shall be continued to the Participant's designated Beneficiary until the remainder of the designated number of monthly payments have been paid.

(7) An annuity contract, purchased from an insurance company and utilizing the value of the Participant's Individual Account, which provides for monthly, quarterly, semi-annual or annual payments payable in one of the following ways (as elected by the Participant): (A) in a designated amount; or (B) over a designated period of between three and 20 years.

(b) Subject to Section 5.8, distribution of benefits under the Plan to a Beneficiary under the first sentence of Section 5.2 may be made in any one of the following forms:

(1) A full lump sum payment in cash equal to the value of the Participant's entire Individual Account.

(2) A partial lump sum payment in cash equal to a designated portion of the Participant's Individual Account.

(3) Monthly, quarterly, semi-annual or annual installments (as elected by the Beneficiary) payable from the Trust Fund in one of the following ways (as elected by the Beneficiary): (A) in a designated amount; or (B) over a designated period of between one and 30 years.

(4) An annuity contract, purchased from an insurance company and utilizing the value of the Participant's Individual Account, which provides for fixed or variable monthly, quarterly, semi-annual or annual payments (as elected by the Beneficiary) over the Beneficiary's lifetime.

(5) An annuity contract, purchased from an insurance company and utilizing the value of the Participant's Individual Account, which provides for fixed or variable

monthly, quarterly, semi-annual or annual payments payable (as elected by the Beneficiary) over the Beneficiary's lifetime and in the event of his or her death before 60, 120, 180, 240, 300 or 360 monthly payments (as elected by the Beneficiary) have been paid, such payments shall be continued to the Beneficiary's designated beneficiary until the remainder of the designated number of monthly payments have been paid.

(6) An annuity contract, purchased from an insurance company and utilizing the value of the Participant's Individual Account, which provides for monthly, quarterly, semi-annual or annual payments payable in one of the following ways (as elected by the Beneficiary): (A) in a designated amount; or (B) over a designated period of between three and 20 years.

(c) The Board may establish administrative charges or restrictions on the availability of any method of payment.

5.5. Distribution Election Procedures

(a) A Participant or Beneficiary who is eligible under Sections 5.1, 5.2 or 5.3 shall request distribution of all, or any portion of, the value of the Participant's Individual Account by following such procedures as have been established by the Board and the Plan's recordkeeper for that purpose. As part of the request for distribution, the Participant or Beneficiary also shall elect a method of payment available under Section 5.4.

(b) A Participant or Beneficiary who has elected a method of payment, other than an annuity option, for a particular distribution may change the method of payment of such distribution by following such procedures as have been established by the Board and the Plan's recordkeeper for that purpose. A Participant or Beneficiary who has elected a method of payment for distribution of a portion of the value of the Participant's Individual Account may

elect the same, or a different, method of payment for a subsequent distribution of another portion (or the remaining portion) of the value of the Individual Account.

5.6. Distribution to Minors and Incompetents

(a) In the event that any person entitled to receive a benefit under the Plan is a minor, the Board shall direct the Trustee to distribute such benefit to the legal guardian of such minor. If there is no legal guardian, the Board, in its discretion, may direct the Trustee to distribute such benefit to a parent of such minor or to the custodian of such minor under the Uniform Gifts to Minors Act or the Uniform Transfers to Minors Act, if such is permitted by the laws of the state in which such minor resides.

(b) In the event that any person entitled to receive a benefit under the Plan is physically or mentally incapable of personally receiving and giving a valid receipt for any payment due (unless prior claim to such payment shall have been made by a duly qualified legal representative of such person), then the Board in its discretion may direct the Trustee to distribute such benefit to the spouse, child, parent, brother or sister of the recipient or to any other person who is legally responsible (as determined by a court of law) for the welfare of such recipient.

(c) To the extent permitted by applicable law, any payments made under subsections (a) or (b) shall, to the extent of the payments, fully discharge the obligations of the Board, the City and the Plan to any other person making a claim under the Plan with respect to such payments.

5.7. Lost Participants or Beneficiaries

Effective January 1, 2012, in the event that any amount that is due to a Participant or Beneficiary shall remain unpaid solely because of the Board's inability to ascertain the identity or

whereabouts of such Participant or Beneficiary after making reasonable efforts to identify or locate him or her (including sending a letter to the last known address of the Participant or Beneficiary as shown on the City's records), such payout amount (and all subsequent payouts otherwise due) shall be treated as forfeited and shall be deemed abandoned consistent with Arizona law. If the amount due is outstanding for a period of six months, a letter will be sent to the last known address of the Participant or Beneficiary. If there is no response, a second letter will be sent to the last known address of the Participant or Beneficiary no less than sixty days prior to the information being submitted to the Arizona Department of Revenue's unclaimed funds. The account shall be retained in the Plan and shall be invested in the default investment option as of the date that the information is submitted to the Department. If the Participant or Beneficiary is subsequently identified or located, the account shall be reinstated, as of the date such Participant or Beneficiary is subsequently identified or located.

5.8. Minimum Required Distributions

(a) The requirements of subsections (a) – (d) of this Section 5.8 will apply for purposes of determining required minimum distributions. The requirements of subsections (a) – (d) will take precedence over any inconsistent provisions of the Plan. All distributions required under subsections (a) – (d) will be determined and made in accordance with the Treasury regulations under Code Section 401(a)(9).

(b) (1) 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) If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(A) If the Participant's surviving spouse is the Participant's sole "designated beneficiary," then, except as provided in paragraph (4) 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.

(B) If the Participant's surviving spouse is not the Participant's sole "designated beneficiary," then, except as provided in paragraph (4) below, distributions to the "designated beneficiary" will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

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

(D) If the Participant's surviving spouse is the Participant's sole "designated beneficiary" and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this paragraph (2), other than subparagraph (A), will apply as if the surviving spouse were the Participant.

For purposes of this paragraph (2) and subsection (d), distributions are considered to begin on the Participant's "required beginning date" (or, if subparagraph (D) applies, the date distributions are required to begin to the surviving spouse under subparagraph (A)). If distributions under an annuity purchased from any insurance company

irrevocably commence to the Participant before the Participant's "required beginning date" (or to the surviving spouse before the date distributions are required to begin to the surviving spouse under subparagraph (A)), the date distributions are considered to begin is the date distributions actually commence.

(3) 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 subsections (c) and (d) of this Section 5.8. 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 the Treasury regulations.

(4) Notwithstanding paragraph (2), if a 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 paragraph (2), but the Participant's entire interest will be distributed to the designated beneficiary by December 31 of the calendar year containing the fifth anniversary of the Participant's death. If the Participant's surviving spouse is the Participant's sole "designated beneficiary" and the surviving spouse dies after the Participant but before distributions to either the Participant or the surviving spouse begin, this paragraph (4) will apply as if the surviving spouse were the Participant. This paragraph shall apply to any distributions in the form of a lump sum.

(c) (1) During the Participant's lifetime, the minimum amount that will be distributed for each "distribution calendar year" is the lesser of:

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

(B) if the Participant's sole "designated beneficiary" for the "distribution calendar year" is the Participant's spouse, the quotient obtained by dividing the "Participant's account balance" by the number in the Joint and Last Survivor Table in section 1.401(a)(9)-9 of the Treasury regulations, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the "distribution calendar year."

(2) Required minimum distributions will be determined under this subsection (c) beginning with the first "distribution calendar year" and up to and including the "distribution calendar year" that includes the Participant's date of death.

(d) (1) (A) If the Participant dies on or after the date distributions begin and there is a "designated beneficiary," the minimum amount that will be distributed for each "distribution calendar year" after the year of the Participant's death is the quotient obtained by dividing the "Participant's account balance" by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's "designated beneficiary," determined as follows:

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

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

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

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

(2) (A) Except as provided in subsection (b)(4), if the Participant dies before the date distributions begin and there is a "designated beneficiary," the

minimum amount that will be distributed for each "distribution calendar year" after the year of the Participant's death is the quotient obtained by dividing the "Participant's account balance" by the remaining life expectancy of the Participant's "designated beneficiary," determined as provided in paragraph (1).

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

(C) If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole "designated beneficiary," and the surviving spouse dies before distributions are required to begin to the surviving spouse under subsection (b)(2)(A), this paragraph (2) will apply as if the surviving spouse were the Participant.

(e) For purposes of this Section 5.8, the following words and phrases shall have the meanings indicated:

(1) Designated beneficiary – The individual who is designated as the Beneficiary under Section 2.3 of the Plan and is the "designated beneficiary" under Code Section 401(a)(9) and section 1.401(a)(9)-4, Q&A 1, of the Treasury regulations.

(2) Distribution calendar year – A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first "distribution calendar year" is the calendar year immediately preceding the calendar year that 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 pursuant to subsection (b)(2). The required minimum distribution for the Participant's first "distribution calendar year" will be made on or before the Participant's "required beginning date." The required minimum distribution for other "distribution calendar years," including the required minimum distribution for the "distribution calendar year" in which the Participant's "required beginning date" occurs, will be made on or before December 31 of that "distribution calendar year."

(3) Life expectancy – Life expectancy as computed by use of the Single Life Table in section 1.401(a)(9)-9 of the Treasury regulations.

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

(5) Required beginning date – The April 1 of the calendar year following the later of (A) the calendar year in which the Participant attains age 70½, or (B) the calendar year in which the Participant retires.

(f) Notwithstanding any other Plan provision, a Participant or Beneficiary who would have been required to receive 2009 RMDs, and who would have satisfied that requirement by

receiving distributions that are (1) equal to the 2009 RMDs or (2) Extended 2009 RMDs will receive those distributions for 2009 unless the participant or beneficiary chooses not to receive such distributions. Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect to stop receiving the distributions described in the preceding sentence.

5.9. Direct Rollovers

(a) Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Section, a distributee may elect, by following such procedures as have been established by the Board and the Plan's recordkeeper for that purpose, to have any portion of an "eligible rollover distribution" paid directly to an "eligible retirement plan" specified by the "distributee" in a direct rollover. In addition, 2009 RMDs and Extended 2009 RMDs will be treated as an "eligible rollover distribution" in 2009.

(b) (1) 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; any distribution to the extent such distribution is required under Code Section 401(a)(9); and any distribution which is made upon hardship of the Employee. For purposes of the preceding sentence, 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 plan described in Code Section 401(a) or 403(a), or to an annuity contract described in Code Section 403(b), that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

(2) An "eligible retirement plan" is an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b), a Roth IRA described in Code Section 408A, an annuity plan described in Code Section 403(a), a qualified retirement plan described in Code Section 401(a), an eligible deferred compensation 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 and which agrees to separately account for amounts transferred into the plan from this Plan, or an annuity contract described in Code Section 403(b), that accepts the distributee's eligible rollover distribution. Effective January 1, 2010, the definition of an Eligible Retirement Plan for a nonspouse designated beneficiary of a deceased participant means an individual retirement annuity account established for the purpose of receiving a distribution from this Plan and treated as an inherited individual retirement account or annuity (within the meaning of Code Section 408(d)(3)(C)).

(3) A "distributee" includes an employee, former employee, or a nonspouse designated beneficiary (as defined in Code Section 401(a)(9)(E)) of a deceased Participant. In addition, the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is the alternate payee

under a qualified domestic relations order, as defined in Code Section 414(p), are distributees with regard to the interest of the spouse or former spouse.

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

5.10. Direct Distributions for Qualified Health Insurance Premiums

(a) Application. This Section of the Plan only applies to Participants who are Eligible Retired Public Safety Officers as defined in this Section.

(b) Definitions. As used in this Section, these terms are defined as follows:

(1) "Eligible Retired Public Safety Officer" means an individual who, by reason of disability or of eligibility for Normal Retirement, is separated from service as a public safety officer with the City. For purposes of this definition, the term "public safety officer" shall have the same meaning given such term by section 1204(9)(A) of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796b(9)(A)), and the term "eligibility for Normal Retirement" shall mean eligibility for immediate Normal Retirement for Public Safety Employees under the PSPRS and for General Employees under COPERS.

(2) "Qualified Health Insurance Premiums" means premiums for coverage for the Eligible Retired Public Safety Officer, his/her spouse, and dependents, by an accident or health plan or qualified long-term care insurance contract.

(c) Direct Deductions

On and after January 1, 2008, a Participant who is an Eligible Retired Public Safety Officer may elect to have a deduction from his/her distribution from the Plan for Qualified Health Insurance Premiums to be paid directly to the provider of the accident or health plan or

qualified long-term care insurance contract. However, this provision applies only to a provider that accepts a direct remittance of the premium from the Plan.

(d) Implementation. The form and procedure for the election and the direct deduction shall be prescribed by the Administrative Services Provider.

(e) Intent. This Section shall be administered in compliance with Code Section 402(l), as amended from time to time, and any related guidance from the Internal Revenue Service.

ARTICLE VI.

LOANS AND WITHDRAWALS

6.1. Loans to Participants

If a loan program is authorized by the Board, the Plan shall allow Participants to make loans from their Individual Account in accordance with the following rules:

(a) A Participant may request a loan by following such procedures as are established by the Board and the Plan's recordkeeper for that purpose.

(b) Loans shall be made available to all eligible Participants on a reasonably equivalent basis; provided, however, that the Board shall retain the power to approve or decline a loan and may make reasonable distinctions based upon creditworthiness, other obligations of the Participant, state laws affecting payroll deductions and any other factors that may adversely affect the City's ability to deduct loan repayments from a Participant's pay.

(c) The Plan may limit the number of loans a Participant may have outstanding at any time. For purposes of this subsection (c), a loan that is deemed in default under subsection (i) shall be treated as outstanding.

(d) The Plan may impose a minimum loan amount. If a Participant's Individual Account balance is insufficient to support such minimum loan amount because of the maximum

loan restrictions set forth below, no loan shall be made. The maximum amount of any loan, when added to the outstanding balance of any existing loan from this Plan, shall be the lesser of (1) and (2):

(1) \$50,000 reduced by the excess of the highest outstanding balance of loans from the Plan during the one-year period ending on the day before the date the loan is made over the outstanding balance of loans from the Plan on the date the loan is made.

(2) One-half of the value of the Participant's Individual Account on the date the loan is made.

For purposes of this subsection (d), a loan that is deemed in default under subsection (i) shall be treated as an existing loan, and interest accrued on such loan since it was deemed in default shall be considered part of the outstanding balance of such loan.

(e) All loans shall be repayable over a period of not more than five years, except that a loan used by the Participant to acquire any dwelling unit which within a reasonable time is to be used (determined at the time the loan is made) as a principal residence of the Participant shall be repayable over a reasonable period of time that may exceed five years.

(f) Each loan shall be secured by one-half of the value of the Participant's Individual Account balance; shall bear interest at a rate established by the Board; shall be repaid in accordance with a reasonable repayment schedule requiring substantially level payments of principal and interest; and shall be evidenced by a written promissory note setting forth the terms of the loan. A Participant may prepay the entire outstanding loan balance without penalty. Unless the Plan allows loan repayments on the part of a Participant with an outstanding loan balance upon his or her Retirement or termination of employment, all loans shall be repaid by payroll deduction.

(g) There may be an administrative charge imposed on each loan in an amount determined by the Board.

(h) Each loan shall be considered a separate investment option of the Individual Account of the Participant. Notwithstanding Section 4.1(c), when a loan is made, the amount of the loan shall be withdrawn from the sub-accounts within the Participant's Individual Account among the Investment Options on a pro-rata basis based on the Participant's outstanding Investment Option designation and transferred to a segregated loan account maintained in the Participant's name. Payments of principal and interest against a loan shall thereafter be allocated to the Participant's Individual Account and invested in accordance with the Participant's outstanding Investment Option designation.

(i) In the event a Participant defaults on a loan from this Plan, the Plan shall not foreclose on so much of the Participant's Individual Account as is given as collateral for the loan until a distributable event occurs under the Plan. For purposes of this Plan and subject to subsection (k), a Participant shall be deemed to be in default on a loan if he or she fails to make any installment payment within a certain period of time, as established by the Board, after the due date for such payment (but no later than the last day of the calendar quarter following the calendar quarter in which the required installment payment was due). Except for purposes of subsection (d), upon default, interest on the outstanding loan balance shall cease to accrue.

(j) Unless the Plan allows loan repayments on the part of a Participant with an outstanding loan balance upon his or her Retirement or termination of employment, in the event of the Retirement, death, or termination of employment of a Participant, the unpaid balance of any outstanding loan to such Participant, together with accrued interest, shall be immediately due and payable and shall be satisfied out of the Participant's Individual Account prior to distribution

(notwithstanding the provisions of Section 11.5) if not satisfied by payment in full prior to such distribution.

(k) If a Participant who has an outstanding loan incurs an authorized leave of absence, ceases loan repayment and his or her rate of pay (after income and employment tax withholding) is not sufficient to meet the required repayment under the terms of the loan, then the loan will not be deemed in default for a period equal to the lesser of (1) the length of the leave of absence, or (2) one year, as long as the loan (including interest that accrues during the leave of absence) is repaid by the latest permissible term of the loan and the amount of the installments due after the leave of absence ends is not less than the amount required under the terms of the original loan. Notwithstanding the preceding provisions, loan repayments during a period of military service will be suspended under this Plan as permitted under Code Section 414(u)(4). In accordance with Code Section 414(u), a loan suspended because of military service will not be deemed in default even if the suspension exceeds one year, as long as loan repayments resume upon completion of the military service and the loan (including interest that accrues during the military leave) is repaid by the end of the period equal to the sum of the latest permissible term of the loan plus the period of military service.

(l) Any loan program under the Plan authorized by the Board shall comply with the requirements of Code Section 72(p) and the Treasury regulations promulgated thereunder.

6.2. In-Service Withdrawals from Rollover Contribution Sub-Account

If authorized by the Board, the Plan shall allow Participants to make withdrawals from their Rollover Contribution Sub-Account for any reason. A Participant may request an in-service withdrawal by following such procedures as are established by the Board and the Plan's recordkeeper for that purpose. A Participant shall be allowed to withdraw all, or any portion of,

the value of his or her Rollover Contribution Sub-Account. All withdrawals shall be made in the form of a lump sum payment of cash. Withdrawals shall be charged against the Participant's Rollover Contribution Sub-Account among the Investment Options on a pro-rata basis based on the Participant's outstanding Investment Option designation. Withdrawn amounts may not be repaid to the Trust Fund.

6.3. Plan-to-Plan Transfers to Purchase Defined Benefit Plan Service Credit

If authorized by the Board and to the extent permitted by applicable law, the Plan shall allow Participants to make voluntary plan-to-plan transfers directly to COPERS, PSPRS, or another qualified defined benefit plan from which the Participant is entitled to a benefit and which allows for such transfers (hereinafter the "transferee plan"), for the purchase of service credit under such transferee plan, in accordance with the following rules:

(a) A Participant may request a transfer by following such procedures as are established by the Board, the Plan's recordkeeper and the transferee plan for that purpose. A Participant may not request a transfer under this Section 6.3 of an amount that exceeds 100% of the actuarial cost of the service being purchased, as determined by the transferee plan. A Participant must request a transfer to purchase service credit before his or her termination of employment with the City or Retirement.

(b) Upon receipt of a request from the Participant to make a transfer and upon receipt from the transferee plan of written approval of the transfer and written documentation of the actuarial cost of the service being purchased, the Board shall direct the Trustee to pay such actuarial cost directly to the trustee of the transferee plan. Transferred amounts shall be charged against the Participant's Individual Account among the Investment Options on a pro-rata basis

based on the Participant's outstanding Investment Option designation. Transferred amounts may not be transferred back to the Trust Fund.

ARTICLE VII.

VALUATION OF TRUST FUND/INVESTMENT OF ACCOUNTS

7.1. Valuation of Trust Fund

The Board shall direct the Trustee, as of each Valuation Date and as of any other date deemed necessary by the Board, to determine the net worth of Trust Fund and each Individual Account existing on such Valuation Date. In determining such net worth, the Trustee shall value the assets comprising the Trust Fund and each Individual Account at their fair market value as of the Valuation Date and shall deduct all expenses from which the Trustee has not yet obtained reimbursement.

7.2. Investment of Accounts

(a) A Participant or Beneficiary may make an Investment Option designation by following such procedures as have been established by the Board and the Plan's recordkeeper for that purpose. Once an Investment Option designation has been made, a Participant or Beneficiary may change such designation by following such procedures as have been established by the Board and the Plan's recordkeeper for that purpose.

(b) The Board shall invest Contributions made under the Plan pursuant to a Participant's or Beneficiary's Investment Option designation made pursuant to subsection (a) above. All interest, dividends, charges for premiums and administrative expenses and changes in value due to market fluctuations applicable to each Investment Option elected by the Participant or Beneficiary shall be credited or debited to the Participant's or Beneficiary's Individual Account as they occur.

7.3. Fee Disclosure

(a) Effective January 1, 2012, the Board may direct staff to implement rules and procedures to require an investment service provider and/or the Plan Administrator to provide a Participant with fee disclosure information in accordance with final regulations of the federal Department of Labor. These rules and procedures may vary from the final regulations in order to take into account the Plan's status as a governmental plan.

(b) Effective January 1, 2012, the Board may direct staff to implement rules and procedures to require an investment service provider and/or the Plan Administrator to provide the Plan Sponsor with fee disclosure information in accordance with final regulations of the federal Department of Labor. These rules and procedures may vary from the final regulations in order to take into account the Plan's status as a governmental plan.

ARTICLE VIII.

TRUST FUND

8.1. The Trust Fund

A trust fund (the "Trust Fund") is hereby created to hold all of the assets of the Plan for the exclusive benefit of Participants and Beneficiaries. The Trust Fund is intended to be exempt from taxation under Code Section 501(a).

8.2. The Trustee

(a) Unless and until the City appoints another individual or entity to act in such capacity, the Board shall act as Trustee.

(b) Subject to a Participant's Investment Option designation, the Trustee shall accept and receive all Contributions made under the Plan and shall hold, invest, reinvest, manage and administer such Contributions, and the increment, increase, earnings and income thereon, as a trust fund for the exclusive benefit of Participants and Beneficiaries.

(c) The Trustee shall carry out its powers and duties under the Plan in accordance with applicable state law, including applicable state fiduciary standards, and in accordance with Section 9.1.

ARTICLE IX.

PLAN ADMINISTRATION

9.1. Fiduciaries

(a) Any Fiduciary under the Plan shall carry out its duties in accordance with applicable state fiduciary standards and in accordance with subsection (b) below.

(b) Pursuant to Section 2-1505 of the Phoenix City Code,

(1) the Fiduciaries under the Plan shall:

(A) act with the care, skill, prudence and diligence under the circumstances then prevailing that a person acting in a like capacity and familiar with such matters would use in the conduct of an activity of like character and purpose in the sole interest of the Participants and their Beneficiaries;

(B) incur only costs that are appropriate and reasonable; and

(C) act in accordance with the laws governing the Plan.

(2) The Fiduciaries, except for providers of services to the Plan, shall not be responsible for any loss due to investment or failure of any Investment Option or other asset held in the Trust Fund. The City shall not be required to replace any loss which may result from any investment.

(3) Fiduciaries shall be liable to the Trust Fund for any losses resulting from a breach of their fiduciary duties. Each Fiduciary is responsible only for duties or responsibilities specifically assigned under the Plan, or duties delegated by another

Fiduciary. No Fiduciary shall be responsible for the actions or inactions of another Fiduciary, except for conduct:

(A) in which the Fiduciary participated;

(B) known by the Fiduciary to violate duties under the Plan and for which the Fiduciary did not take reasonable steps to redress the wrong; or

(C) that should have been known by the Fiduciary to violate duties under the Plan and for which the Fiduciary did not take reasonable steps to redress the wrong.

(4) Members of the Board are personally immune from suit with respect to acts done and actions taken in good faith and in furtherance of the purposes of Article XXXV of the Phoenix City Code.

(5) Fiduciaries are not liable for any loss resulting from an individual Participant's exercise of investment control as permitted under the Plan.

9.2. The Board

(a) Pursuant Section 2-1503 of the Phoenix City Code, a board ("the Board") has been established to govern the Plan. The Board shall represent the City in all matters concerning administration of the Plan.

(b) (1) The Board shall consist of nine members. The membership of the Board, the tenure of membership and the circumstances under which membership automatically ends shall be determined pursuant to Section 2-1503 of the Phoenix City Code. The City Manager, or the City Manager's designee, shall serve as the Board's chair. The Board shall annually elect, from its members, a vice-chair who shall act as chair in the absence of the chair and who shall serve at the discretion of the Board.

(2) The Board shall meet monthly or more frequently as the chair of the Board deems necessary. Five members shall constitute a quorum for the exercise of the powers and authority conferred upon the Board with respect to Plan administration.

(3) Members of the Board shall receive no salary or compensation for their service.

(c) The Board shall carry out all duties necessary in order to administer the Plan, including, but not limited to, the following:

(1) establishing and maintaining the Plan, subject to the right of the City to terminate the Plan at any time;

(2) upon consultation with an independent investment advisor and in accordance with any investment policy adopted by the Board, investigating and approving the Investment Options available under the Plan, monitoring the performance of such Investment Options, and, if it deems appropriate, changing the Investment Options;

(3) ensuring that the Plan complies with all requirements of the Code applicable to governmental plans;

(4) ensuring that Plan benefits and benefits-related taxes are paid from assets of the Plan;

(5) selecting providers for all the services necessary or appropriate to administer the Plan, including, but not limited to, actuarial, auditing, custodial, investment and recordkeeping services;

(6) reviewing and commenting on the budget pertaining to the Plan prepared by the City Manager to the Council of the City of Phoenix;

(7) construing or interpreting any provision of the Plan and determining all questions in connection with the administration, interpretation and application of the Plan (including all questions relating to the eligibility of Employees to participate or remain a Participant in the Plan and to receive benefits), and such construction, interpretation or determination shall be conclusive and binding on all persons;

(8) adopting rules and procedures (in addition to any established by investment providers) governing a Participant's or Beneficiary's Investment Option designation, including imposing, if it deems appropriate, limitations on transfers and exchanges from one Investment Option to another and declining to implement any Investment Option designation made by a Participant or Beneficiary where it deems appropriate;

(9) approving rules and procedures developed by the City's Personnel Department for the administration of the Plan, which may include enrollment procedures, information distribution procedures and procedures to respond to Participant inquiries;

(10) computing, certifying and directing the Trustee with respect to the amount and method of payment to which a Participant or Beneficiary is entitled under the Plan and directing the Trustee to make all distributions due to Participants and Beneficiaries and to make any other disbursements from the Trust Fund;

(11) computing and certifying to the City the amount of Employer Contributions; and

(12) reviewing, and if it deems appropriate, settling any claims against the Plan, including any claims for benefits.

- (d) In addition to the duties set forth in subsection (c) above, the Board may:
- (1) adopt rules or policies for the operation of the Board, which are not inconsistent with state law, the City charter or the ordinances of the City;
 - (2) appoint committees;
 - (3) request the City's Personnel Department staff to perform assignments necessary for the administration of the Plan;
 - (4) delegate the duties and responsibilities established under the Plan in a manner consistent with its fiduciary responsibilities;
 - (5) recommend to the City Manager amended terms for contracts of the Plan as it determines necessary or appropriate; and
 - (6) arrange for an annual financial audit of the Plan.
- (e) The Board shall maintain a record of all actions taken with respect to the Plan, shall maintain all other records and other data that may be necessary for proper administration of the Plan, and shall be responsible for complying with such reporting requirements to the Internal Revenue Service and such disclosure requirements to Participants and Beneficiaries as may be required under applicable law.

ARTICLE X.

AMENDMENT, TERMINATION AND MERGERS

10.1. Amendment of the Plan

- (a) Pursuant to applicable labor laws, the City may at any time amend the Plan in whole or in part, including retroactively to the extent necessary. Any such amendment shall become effective upon its execution. Upon taking such action, the City shall promptly provide a copy of the amendment to the Trustee.

(b) Notwithstanding subsection (a), (1) no amendment to this Plan shall affect the duties, powers or liability of the Trustee without its written consent; and (2) no amendment to this Plan shall be effective if it (A) violates the Code; (B) causes any reduction in the amount credited to any Participant's Individual Account; (C) authorizes or permits any part of the Trust Fund to be used for or diverted to any purpose other than for the exclusive benefit of Participants and Beneficiaries; or (D) causes or permits any portion of the Trust Fund to revert to or become property of the City.

10.2. Termination of the Plan

(a) Pursuant to applicable labor laws, the City may at any time terminate the Plan or freeze the Plan as to new Participants or new Contributions. Upon taking any such action, the City shall promptly provide written notice to the Trustee. Upon termination of the Plan or a freeze of new Contributions, any unallocated amounts held in the Trust Fund shall be allocated to Participant Individual Accounts on a pro-rata basis. Upon termination or partial termination of the Plan, or upon the complete discontinuance of Contributions, all affected Employees shall become 100% vested in his or her Individual Account.

(b) Upon termination of the Plan, the City shall direct the Trustee to distribute the value of each Participant's or Beneficiary's Individual Account as soon as administratively practicable thereafter in a manner which is consistent with Article V.

ARTICLE XI.

MISCELLANEOUS

11.1. Governing Law

The Plan shall be construed, regulated and administered according to the laws of the State of Arizona, except in those areas preempted by the laws of the United States of America.

11.2. Construction

The headings and subheadings in the Plan have been inserted for convenience of reference only and shall not affect the construction of the provisions of the Plan. In any necessary construction, the singular shall include the plural, and vice versa, unless the provisions of the Plan specifically require a different interpretation.

11.3. Administration Expenses

All expenses of administration of the Plan shall be paid out of the Trust Fund from Individual Accounts, unless paid by the City. Such expenses shall include, but not be limited to, any expenses reasonably incurred by the Board and the Trustee in performing their duties under the Plan, fees incurred by Administrative Service Providers and other costs of administering the Plan. The City may reimburse the Trust Fund for any administrative expense paid out of the Trust Fund, and any such reimbursement shall not be considered an Employer Contribution under the Plan.

11.4. Effect of Adoption and Maintenance of the Plan

(a) The adoption and maintenance of this Plan shall not constitute, or be evidence of, a contract of employment between any Participant and the City. No provision of the Plan shall give any Participant the right to be retained in the employ of the City or to interfere with the right of the City to take an employment action against the Participant at any time.

(b) The adoption and maintenance of this Plan shall not authorize the City to require a Participant to remain in its employ or to interfere with the Participant's right to terminate employment at any time.

11.5. Nonalienation of Interest

(a) No right or benefit of a Participant or a Beneficiary under the Plan shall be subject to anticipation, alienation, assignment, sale, pledge, encumbrance or charge. Any attempt to anticipate, alienate, assign, sell, pledge, encumber or charge a right or benefit under the Plan shall have no force or effect and shall not be binding upon the City or the Board.

(b) Notwithstanding subsection (a) above, the Board may authorize the payment of a Participant's benefits under the Plan to an alternate payee in accordance with the requirements of a valid domestic relations order issued under the laws of the State of Arizona. In accordance with applicable law, upon receipt of a domestic relations order relating to a Participant's benefit under the Plan, the Board shall take the following actions: (i) determine the validity of the order; (ii) notify the Participant and the alternate payee concerning the order and its validity; and (iii) if it determines that the order is valid: (A) direct the plan's recordkeeper to place appropriate account restrictions on the Participant's Individual Account; (B) establish a separate account on behalf of the alternate payee; and (C) direct the Trustee to make distribution to the alternate payee in accordance with the order.

11.6. Mistake of Fact

Notwithstanding any provision of the Plan to the contrary, upon the City's request, a Contribution which was made by a mistake of fact shall be used to reduce future Employer Contributions.

11.7. Tax Consequences

Neither the Board nor the City represents or guarantees that any particular tax consequences will occur because of a Participant's or Beneficiary's participation in the Plan or with respect to any distribution of benefits from the Plan to a Participant or Beneficiary.

The foregoing City of Phoenix Defined Contribution Plan was approved on the 19th day of December, 2013, by vote of The Phoenix Employees' Deferred Compensation Board.

IN WITNESS WHEREOF, the City has caused this restated plan to be executed on the 19th day of December, 2013.

WITNESS:

THE CITY OF PHOENIX, ARIZONA

Kathy Schellbrock

R. Naimark

Rick Naimark, Deputy City Manager
City of Phoenix Deferred Compensation
Plan (DCP) Board Chairman

Appendix 1

CLASSIFICATIONS OF CITY EMPLOYEES

For purposes of the Plan, City Employees employed in the following classifications shall be considered "General Employees":

Classification	Unit Code	Benefit Category
Unit 1	001	001
Unit 2	002	002
Office & Clerical	003	003
Confidential Office & Clerical	008	008
Supervisory & Professional	007 and 008	007
Middle Management	008	009
Executive	008	010
City Manager	008	012

For purposes of the Plan, City Employees employed in the following classifications shall be considered "Public Safety Employees":

Classification	Unit Code	Benefit Category
Police Officers	004	004
Fire	005	005
Police Supervisory & Professional	006	006
Police Middle Management	008	016
Fire Middle Management	008	017
Police Executive	008	018
Fire Executive	008	019

APPENDIX 2

Category	E/M	S/P	U1	U2	U3	D	F	P	R	City Mgr
Effective Year/Mo	009,010, 011,016, 017,018, 019	007	001	002	003	008	005	004	006	012
2013 July 12*										Contract
2012 July 9		5.16 %		1.65%				.37%	0.05%	Contract
2010 July 12		6.0%	.45%	0.70%	0%	0.60%	5.0%	.18%	0%	Contract
2009 July 13		6.10%				2.5%				Contract
2007 July 2		5.85%								Contract
2006 July 3		5.65%	3.65%							Contract
2005 July 4		5.5%					6.0%	2.18%		Contract
2005 January	Greater of 9.6% or 60% of 457 annual maximum									Contract
2004 October 11		5.4%								Contract
2004 July 5	Greater of 9% or 60% of 457 annual maximum		3.15% plus \$6.00							Contract

2002 July 8	9%	5%	3.15%	3.6%						Contract
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Description of types of job classifications for each listed benefit category/employee unit

- 001 Field employees (Unit 1)
- 002 Field employees (Unit 2)
- 003 Office and Clerical (Unit 3)
- 004 Sworn Police - Officer (Unit 4)
- 005 Sworn Fire- through the rank of Captain (Unit 5)
- 006 Sworn Police - Sergeant or Lieutenant (Unit 6)
- 007 ASPTEA (Admin, Supv, Prof, Tech Employees Assoc) (Unit 7)
- 008 Confidential Office and Clerical (Unit 8)
- 009 General Middle Manager (Unit 9) (non-sworn)
- 010 General Executive (Unit 10) (non-sworn)
- 012 City Manager (Unit 12)
- 019 Sworn Fire - Executive (Unit 19)
- 016 Sworn Police - Middle Manager (Unit 16)
- 017 Sworn Fire Middle Manager (Unit 17)
- 018 Sworn Police - Executive (Unit 18)

* Remainder of the reductions in 401(a) Plan employer contributions (Fringe) agreed to as part of budget concessions for FY 2010-11 & 2011-12 were to be restored for FY 13-14 **IF** certain economic indicators were met. Unfortunately, those indicators were not met, so the Fringe rates will remain the same for all benefit categories for FY 2013-14 as they were for FY 2012-13. For some benefit categories, the Fringe rate has remained the same since FY 2010-11 or earlier.

NOTES

"General" refers to general city/non-sworn benefit categories.

For Benefit Categories 004 and 005, Fringe is calculated from gross salary instead of base salary like the other categories.

Benefit Category/Unit 003 Fringe rate of 0% was retained as a result of budget concessions made during the 2012 contract negotiation process for FY 2012-13 and 2013-14. This rate was initially implemented for FY 2010-11 & 2011-12 during the 2010 negotiation process.

Benefit Category/Unit 006 reduction in Fringe to 0% was a result of budget concessions made during the 2010 contract negotiation process; and was effective for Fiscal Years 2010-11 and 2011-12. Noted Fringe amount was restored for Fiscal Year 2012-13 as a result of the 2012 negotiation process.

DCP refers to both 401(a) Plan and 457 Plan. Prior to 1/2008, Fringe/Employer Contributions were to the 457 Plan.

Appendix 3

SUMMARY OF PLAN FEATURES FOR SUPPLEMENTAL CONTRIBUTIONS ALL EMPLOYEE CLASSIFICATIONS (April 1, 2008 and thereafter hires)

	ALL UNITS
Percentage options for Supplemental Contributions (Section 3.1(d)(1))	1-32% in whole percentages, or service-related option
Service Related Options for Supplemental Contributions (Section 3.1(d)(1))	Options specified in Obsolete Appendices B & C have been revised for this group and are listed below as Appendix 4 and Appendix 5. Note: Eligible employee will make election based upon the unit in which employed at the time of their election. A subsequent change in unit will not affect the option selected.
Eligibility date for election of Supplemental Contributions (Section 3.1(d)(1))	Immediate. Election shall be made no later than the Employee's first becoming eligible under any plan or arrangement of the City.

Appendix 4

**SUMMARY OF PLAN FEATURES PARTICULAR TO GENERAL EMPLOYEE CLASSIFICATIONS
(Hires April 1, 2008 and thereafter)**

	Unit 1	Unit 2	Office & Clerical	Confidential Office & Clerical	Supervisory & Professional																																																							
Are Employees eligible for Supplemental Contributions? (Section 3.1(d)(2))	Yes, effective 1/01/07	Yes, effective 1/01/07	Yes, effective 1/01/07	Yes, effective 1/01/07	Yes, effective 1/01/07																																																							
Percentage options for Supplemental Contributions (Section 3.1(d)(2))	Whole percentage from 1%-32%, or service-related option Options based on years of service:	Whole percentage from 1%-32%, or service-related option Options based on years of service:	Whole percentage from 1%-32%, or service-related option Options based on years of service:	Whole percentage from 1%-32%, or service-related option Options based on years of service:	Whole percentage from 1%-32%, or service-related option Options based on years of service:																																																							
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Eligibility date for election of Supplemental Contributions (Section 3.1(d)(2))	Immediately upon hire	Immediately upon hire	Immediately upon hire	Immediately upon hire	Immediately upon hire																																																							

Appendix 4 (continued)

**SUMMARY OF PLAN FEATURES PARTICULAR TO GENERAL EMPLOYEE CLASSIFICATIONS
(Hires April 1, 2008 and thereafter)**

	Middle Management	Executive	City Manager																								
Are Employees eligible for Supplemental Contributions? (Section 3.1(d)(2))	Yes, effective 1/01/06	Yes, effective 1/01/06	Yes, effective 1/01/06																								
Percentage options for Supplemental Contributions (Section 3.1(d)(2))	<p>Whole percentage from 1%-32%, or service-related option</p> <p>Options based on years of service:</p> <table border="1"> <tr> <td>1%</td> <td>Fewer than 5 years of</td> </tr> <tr> <td>3%</td> <td>5 or more years but fewer than 10 years</td> </tr> <tr> <td>5%</td> <td>10 or more years but fewer than 15 years</td> </tr> <tr> <td>7%</td> <td>15 or more years but fewer than 20 years</td> </tr> <tr> <td>10%</td> <td>20 or more years but fewer than 25 years</td> </tr> <tr> <td>15%</td> <td>25 or more years</td> </tr> </table>	1%	Fewer than 5 years of	3%	5 or more years but fewer than 10 years	5%	10 or more years but fewer than 15 years	7%	15 or more years but fewer than 20 years	10%	20 or more years but fewer than 25 years	15%	25 or more years	<p>Whole percentage from 1%-32%, or service-related option</p> <p>Options based on years of service:</p> <table border="1"> <tr> <td>3%</td> <td>Fewer than 5 years of service</td> </tr> <tr> <td>6%</td> <td>5 or more years but fewer than 10 years</td> </tr> <tr> <td>9%</td> <td>10 or more years but fewer than 15 years</td> </tr> <tr> <td>12%</td> <td>15 or more years but fewer than 20 years</td> </tr> <tr> <td>15%</td> <td>20 or more years but fewer than 25 years</td> </tr> <tr> <td>20%</td> <td>25 or more years</td> </tr> </table>	3%	Fewer than 5 years of service	6%	5 or more years but fewer than 10 years	9%	10 or more years but fewer than 15 years	12%	15 or more years but fewer than 20 years	15%	20 or more years but fewer than 25 years	20%	25 or more years	Whole percentage from 1%-32%
1%	Fewer than 5 years of																										
3%	5 or more years but fewer than 10 years																										
5%	10 or more years but fewer than 15 years																										
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3%	Fewer than 5 years of service																										
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12%	15 or more years but fewer than 20 years																										
15%	20 or more years but fewer than 25 years																										
20%	25 or more years																										
Eligibility date for election of Supplemental Contributions (Section 3.1(d)(2))	Immediately upon hire	Immediately upon hire	Immediately upon hire																								

Appendix 5

**SUMMARY OF PLAN FEATURES PARTICULAR TO PUBLIC SAFETY EMPLOYEE CLASSIFICATIONS
(Hires April 1, 2008 and thereafter)**

	Police Officers	Fire	Police Supervisory & Professional																																				
Percentage options for Supplemental Contributions (Section 3.1(d)(2)) (pre April 1, 2008 hires)	<p>Whole percentage from 1%-32%, or service-related option</p> <p>Options based on years of service:</p> <table border="1"> <tr> <td>1%</td> <td>Fewer than 5 years of service</td> </tr> <tr> <td>3%</td> <td>5 or more years but fewer than 10 years</td> </tr> <tr> <td>5%</td> <td>10 or more years but fewer than 15 years</td> </tr> <tr> <td>7%</td> <td>15 or more years but fewer than 20 years</td> </tr> <tr> <td>10%</td> <td>20 or more years but fewer than 25 years</td> </tr> <tr> <td>15%</td> <td>25 or more years</td> </tr> </table>	1%	Fewer than 5 years of service	3%	5 or more years but fewer than 10 years	5%	10 or more years but fewer than 15 years	7%	15 or more years but fewer than 20 years	10%	20 or more years but fewer than 25 years	15%	25 or more years	<p>Whole percentage from 1%-32%, or service-related option</p> <p>Options based on years of service:</p> <table border="1"> <tr> <td>1%</td> <td>Fewer than 5 years of service</td> </tr> <tr> <td>3%</td> <td>5 or more years but fewer than 10 years</td> </tr> <tr> <td>5%</td> <td>10 or more years but fewer than 15 years</td> </tr> <tr> <td>7%</td> <td>15 or more years but fewer than 20 years</td> </tr> <tr> <td>10%</td> <td>20 or more years but fewer than 25 years</td> </tr> <tr> <td>15%</td> <td>25 or more years</td> </tr> </table>	1%	Fewer than 5 years of service	3%	5 or more years but fewer than 10 years	5%	10 or more years but fewer than 15 years	7%	15 or more years but fewer than 20 years	10%	20 or more years but fewer than 25 years	15%	25 or more years	<p>Whole percentage from 1%-32%, or service-related option</p> <p>Options based on years of service:</p> <table border="1"> <tr> <td>1%</td> <td>Fewer than 5 years of service</td> </tr> <tr> <td>3%</td> <td>5 or more years but fewer than 10 years</td> </tr> <tr> <td>5%</td> <td>10 or more years but fewer than 15 years</td> </tr> <tr> <td>7%</td> <td>15 or more years but fewer than 20 years</td> </tr> <tr> <td>10%</td> <td>20 or more years but fewer than 25 years</td> </tr> <tr> <td>15%</td> <td>25 or more years</td> </tr> </table>	1%	Fewer than 5 years of service	3%	5 or more years but fewer than 10 years	5%	10 or more years but fewer than 15 years	7%	15 or more years but fewer than 20 years	10%	20 or more years but fewer than 25 years	15%	25 or more years
1%	Fewer than 5 years of service																																						
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Eligibility date for election of Supplemental Contributions (Section 3.1(d)(2))	Immediately upon hire	Immediately upon hire	Immediately upon hire																																				

Appendix 5 (continued)

**SUMMARY OF PLAN FEATURES PARTICULAR TO PUBLIC SAFETY EMPLOYEE CLASSIFICATIONS
(Hires April 1, 2008 and thereafter)**

	Police Middle Management	Fire Middle Management	Police Executive	Fire Executive																														
Percentage options for Supplemental Contributions (Section 3.1(d)(2)) (pre April 1, 2008 hires)	Whole percentage from 1%-32%, or service-related option Options based on years of service: <table border="1"> <tr> <td>5%</td> <td>Fewer than 10 years of service in any sworn Police classification</td> </tr> <tr> <td>7%</td> <td>10 or more years but fewer than 15 years</td> </tr> <tr> <td>10%</td> <td>15 or more years but fewer than 20 years</td> </tr> <tr> <td>15%</td> <td>20 or more years but fewer than 25 years</td> </tr> <tr> <td>22%</td> <td>25 or more years</td> </tr> </table>	5%	Fewer than 10 years of service in any sworn Police classification	7%	10 or more years but fewer than 15 years	10%	15 or more years but fewer than 20 years	15%	20 or more years but fewer than 25 years	22%	25 or more years	Whole percentage from 1%-32%, or service-related option Options based on years of service: <table border="1"> <tr> <td>5%</td> <td>Fewer than 11 years of service</td> </tr> <tr> <td>7%</td> <td>11 or more years but fewer than 16 years</td> </tr> <tr> <td>10%</td> <td>16 or more years but fewer than 21 years</td> </tr> <tr> <td>15%</td> <td>21 or more years but fewer than 26 years</td> </tr> <tr> <td>20%</td> <td>A total of 26 or more years</td> </tr> </table>	5%	Fewer than 11 years of service	7%	11 or more years but fewer than 16 years	10%	16 or more years but fewer than 21 years	15%	21 or more years but fewer than 26 years	20%	A total of 26 or more years	Whole percentage from 1%-32%, or service-related option Options based on years of service: <table border="1"> <tr> <td>5%</td> <td>Fewer than 10</td> </tr> <tr> <td>7%</td> <td>10 or more years but fewer than 15 years</td> </tr> <tr> <td>10%</td> <td>15 or more years but fewer than 20 years</td> </tr> <tr> <td>15%</td> <td>20 or more years but fewer than 25 years</td> </tr> <tr> <td>22%</td> <td>25 or more years</td> </tr> </table>	5%	Fewer than 10	7%	10 or more years but fewer than 15 years	10%	15 or more years but fewer than 20 years	15%	20 or more years but fewer than 25 years	22%	25 or more years	Whole percentage from 1%-32%
5%	Fewer than 10 years of service in any sworn Police classification																																	
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Eligibility date for election of Supplemental Contributions (Section 3.1(d)(2))	Immediately upon hire	Immediately upon hire	Immediately upon hire	Immediately upon hire																														

APPENDIX 6 – 415 LIMIT CALCULATION

Contribution and Deferral Limits

The automatic conversion of Accumulated Leave Time is subject to the limitations under Internal Revenue Code Section 415(c), which are set forth in Section 4.4 of the Plan. Under the terms of the Plan (Sections 3.1(a)(5)), if any portion the Employer Contribution of Accumulated Leave Time would exceed the 415(c) limits, the excess is automatically contributed to the City's 457(b) plan, subject to the applicable limits under Code Section 457(b). According to the Plan, the amount that cannot be contributed to the Plan or the 457(b) Plan "shall automatically be paid to the Employee upon his or her Retirement." Plan Section 3.1(a)(5).

In order to demonstrate that the contribution and deferral limits are applied in a way that complies with the Code and also with the requirement that the contributions are made on a mandatory basis without Employee choice, we have set forth the following examples. We hope that it is clear from the examples that the non-elective employer contribution of the Accumulated Leave Time is not being counted as compensation for purposes of the 415(c) limits. These procedures will go into effect March 1, 2014.

Employee #1: Public Safety Employee

Facts

- A public safety officer retires on April 1, 2009, at age 51.
- For the first quarter of 2009, he has earned \$20,000. (His annual compensation would be \$80,000.) Note: Under the revised definition of Compensation, his first quarter earnings could also include the cash-out of vacation and/or compensatory time. However, this example assumes the officer has no vacation and/or compensatory time being cashed out.
- Under Section 3.1(b) of the Plan, the Nonelective Employer Contribution ("Fringe") is 6% (or \$1,200) for 2009.
- Under Section 3.1(d), his Supplemental Contributions are 1% (or \$200) to the DC Plan.
- He has made salary deferrals to the 457(b) Plan of \$1,250 for 2009.
- He has Accumulated Leave Time (sick pay) of \$80,000.

City's Automatic Protocol¹

- The applicable 415(c) limit for Employee #1 in the DC Plan is the lesser of \$49,000 (2009) or the compensation limit.²

¹ For those employees whose compensation at time of retirement is less than the dollar limit under 415(c) -- \$49,000 for 2009.

² The Second Amendment would apply the definition of compensation found in Treas. Reg. § 1.415(c)-2(d)(3) and (5). This would permit the City to include in the definition of compensation unused accrued vacation or other leave (e.g., optional) being cashed out (not converted to a contribution to the Plan) in the

- That 415(c) limit would first be reduced by \$1,400 (for the Fringe (\$1,200) and Supplemental Contribution (\$200)).
- The City then sets an "initial" maximum Employer Contribution of Accumulated Leave Time as the lesser of (1) \$47,600 (\$49,000 – \$1,400), or (2) \$18,600 (\$20,000 – \$1,400).
 - Thus, at this point the City determines that at least \$18,600 of Accumulated Leave Time can be contributed to the Plan.
 - The City must now determine how the excess Accumulated Leave Time will be addressed under the Plan.
- The City determines the Employee's status under the 457(b) Plan, where Employee #1's limit for the 457(b) Plan is the lesser of compensation or \$22,000 (this would include the age 50 catch-up).
 - Therefore, \$20,000 is his 457(b) limit at this point because that is the Employee's compensation paid in 2009.
- Employee #1 has already made \$1,250 salary deferrals to the 457(b) Plan for 2009, so his remaining limit is \$18,750. Therefore, \$18,750 can be made as an Employer Contribution of Accumulated Leave Time to the 457(b) Plan.
- At this point, the City (not the Employee) has determined that \$18,600 can be contributed to the Plan and \$18,750 can be contributed to the 457(b) Plan. This means a total of \$37,350 of the Accumulated Leave Time has been addressed.
- The City now has to address the remaining \$42,650 (\$80,000 - \$37,350) in Accumulated Leave Time.
 - The City does this by determining the lesser of two numbers:
 - The 415(c) dollar limit minus the Fringe, the Supplemental Contributions, and the initial Employer Contribution – in this case \$29,000 (\$49,000 – \$1,200 – \$200 – \$18,600); or
 - One half of the balance of the Accumulated Leave Time – in this case \$21,325 (½ of \$42,650). This calculation is needed because each dollar increase in compensation paid permits one dollar of additional contribution to be made by the City, subject to the limits.
 - Without Employee election, the City pays the Employee \$21,325. Under the DC Plan as amended to include leave cashouts as part of the definition of compensation under 415(c), the \$21,325 may be considered to be 415(c) compensation, which

definition of compensation for testing purposes. Bona fide unused accrued sick leave being cashed out (not being converted to a contribution to the Plan) is also included in the definition of compensation for testing purposes.

will increase Employee's 415(c) compensation limit to \$41,325 (\$20,000 + \$21,325).

- The City now makes a final determination of the Employer Contribution and makes a \$39,925 (\$18,600 from the initial calculation + \$21,325 from the new calculation) Employer Contribution of Accumulated Leave Time.
- Thus, the Employee's total annual additions to the Plan for 2009 would be \$41,325 (\$1,200 + \$200 + \$39,925), which would not exceed either the dollar limit or the compensation limit under Code Section 415(c).
- The 457(b) Plan would also consider the \$21,325 as compensation if it is paid within 2 ½ months of termination or the end of the calendar year. Employee #1 may make additional deferrals to the 457(b) Plan from this amount. In this case his limit under the 457(b) Plan is the lesser of \$22,000 or \$41,325. Previous deferrals and contributions have been made totaling \$20,000 (\$1,250 + \$18,750). Therefore, Employee #1 can file a new deferral election to defer an additional \$2,000 in accordance with the 457(b) Plan. Of course, this election would have to be done prior to the month of the actual payment of the \$21,325 compensation.

Final "Position" of Employee #1

- \$41,325 Contributed to the Plan: \$1,200 Fringe, \$200 Supplemental Contributions, \$39,925 Accumulated Leave Time
- \$22,000 Contributed to 457(b) Plan: \$1,250 elective deferrals, \$18,750 Accumulated Leave Time, \$2,000 post-severance deferrals.
- \$21,325 paid in cash for Accumulated Leave Time (noting that in this example, Employee #1 elected to defer \$2,000 to the 457(b)).

Employee #2: General Employee

Facts

- A general employee retires on April 1, 2009, at age 51.
- For the first quarter of 2009, he has earned \$10,000. (His annual compensation would be \$40,000.) Note: this Compensation could also include any cashed out vacation and/or compensatory time. However, this example assumes this employee has no cashed out vacation and/or compensatory time.
- Under Section 3.1(b) of the Plan, the Nonelective Employer Contribution ("Fringe") is 1% (or \$100) for 2009.
- Under Section 3.1(d), his Supplemental Contributions are 1% (or \$100) to the DC Plan.
- He has made salary deferrals to the 457(b) Plan of \$1,250 for 2009.

- The City would determine the value of any Accumulated Leave Time. In making this determination, the City would disregard any Accumulated Leave Time that was converted to COPERS service credit pursuant to the City Charter.
- He has Accumulated Leave Time (sick pay) of \$40,000.

City's Automatic Protocol³

- The applicable 415(c) limit for Employee #2 in the DC Plan is the lesser of \$49,000 (2009) or the compensation limit.⁴
- That 415(c) limit would first be reduced by \$200 (for the Fringe (\$100) and Supplemental Contribution (\$100)).
- The City first sets an "initial" maximum Employer Contribution of Accumulated Leave Time as the lesser of (1) \$48,800 (\$49,000 – \$200), or (2) \$9,800 (\$10,000 – \$200).
 - The City determines that at least \$9,800 of Accumulated Leave Time can be contributed to the Plan.
 - The City must now determine how the excess Accumulated Leave Time will be addressed under the Plan.
- The City determines the Employee's status under the 457(b) Plan, where Employee #2's limit for the 457(b) Plan is the lesser of compensation or \$22,000 (this would include the age 50 catch-up).
 - Therefore, \$10,000 is his 457(b) limit at this point because that is his compensation paid in 2009.
- Employee #2 has already made \$1,250 salary deferrals to the 457(b) Plan, so his remaining limit is \$8,750. Therefore, \$8,750 can be made as an Employer Contribution of Accumulated Leave Time to the 457(b) Plan.
- At this point, the City (not the Employee) has determined that \$9,800 can be contributed to the Plan and \$8,750 can be contributed to the 457(b) Plan. Thus, a total of \$18,550 of the Accumulated Leave Time has been addressed.
- The City now has to address the remaining \$21,450 (\$40,000 - \$18,550) in Accumulated Leave Time.
 - The City does this by determining the lesser of two numbers:

³ For those employees whose compensation at time of retirement is less than the dollar limit under 415(c) -- \$49,000 for 2009.

⁴ The City has proposed the Second amendment to apply the definition of compensation found in Treas. Reg. § 1.415(c)-2(d)(3) and (5). This would permit the City to include in the definition of compensation unused accrued bona fide sick (to the extent not converted), vacation, or other leave in the definition of compensation for testing purposes.

- The 415(c) dollar limit minus the Fringe, the Supplemental Contributions, and the initial Employer Contribution – in this case \$39,000 (\$49,000 – \$100 – \$100 – \$9,800); or
 - One half of the balance of the Accumulated Leave Time – in this case \$10,725 = ½ of \$21,450. This calculation is needed because each dollar increase in compensation paid permits one dollar of additional contribution to be made by the City, subject to the limits.
 - Without Employee election, the City pays the Employee \$10,725. Under the DC Plan as amended to include leave cashouts as part of the definition of compensation under 415(c), the \$10,725 may be considered to be 415 compensation, which will increase Employee's 415(c) compensation limit to \$20,725 (\$10,725 + \$10,000).
- The City now makes a final determination of the Employer Contribution and makes a \$20,525 (\$9,800 + \$10,725) Employer Contribution of Accumulated Leave Time.
- Thus, the Employee's total annual additions to the Plan for 2009 would be \$20,725 (\$100 + \$100 + \$20,525), which would not exceed either the dollar limit or the compensation limit under Code Section 415(c).
- The 457(b) Plan would also consider the \$10,725 as compensation if it is paid within 2½ months of termination or the end of the calendar year. Employee #2 may make additional deferrals to the 457(b) Plan from this amount. In this case his limit under the 457(b) plan is the lesser of \$22,000 or \$20,725. Previous deferrals and contributions have been made totaling \$10,000 (\$1,250 + \$8,750). Therefore, Employee #2 can file a new deferral election to defer the entire amount of his remaining limit in accordance with the 457(b) Plan. Of course, this election would have to be done prior to the month of the actual payment of the \$10,725 compensation.

Final "Position" of Employee #2

- \$20,725 Contributed to the Plan: \$100 Fringe, \$100 Supplemental Contributions, \$20,525 Accumulated Leave Time
- \$20,725 Contributed to 457(b) Plan: \$1,250 elective deferrals, \$ 8,750 Accumulated Leave Time, \$10,725 post-severance deferrals.
- \$10,725 paid in cash for Accumulated Leave Time (noting that in this example, Employee #2 elected to defer that amount.)

Employee #3: Public Safety Employee

Facts

- A public safety officer retires on April 1, 2009, at age 51.

- For the first quarter of 2009, he has earned wages of \$20,000. (His annual compensation would be \$80,000.) Note: Under the revised definition of Compensation, his first quarter earnings could also include the cash-out of vacation and/or compensatory time. In this example, assume the officer has \$20,000 in vacation and/or compensatory time being cashed out. Thus, the officer has \$40,000 in compensation for the first quarter.
- Under Section 3.1(b) of the Plan, the Nonelective Employer Contribution ("Fringe") is 6% (or \$2,400) for 2009.
- Under Section 3.1(d), the Supplemental Contributions are 1% (or \$400) to the DC Plan.
- He has made salary deferrals to the 457(b) Plan of \$1,250 for 2009.
- He has Accumulated Leave Time (sick pay) of \$80,000.

City's Automatic Protocol⁵

- The applicable 415(c) limit for Employee #3 in the DC Plan is the lesser of \$49,000 (2009) or the compensation limit.⁶
- That 415(c) limit would first be reduced by \$2,800 (for the Fringe (\$2,400) and Supplemental Contribution (\$400)).
- The City then sets an "initial" maximum Employer Contribution of Accumulated Leave Time as the lesser of (1) \$46,200 (\$49,000 – \$2,800), or (2) \$37,200 (\$40,000 – \$2,800).
 - Thus, at this point the City determines that at least \$37,200 of Accumulated Leave Time can be contributed to the Plan.
 - The City must now determine how the excess Accumulated Leave Time will be addressed under the Plan.
- The City determines the Employee's status under the 457(b) Plan, where Employee #3's limit for the 457(b) Plan is the lesser of compensation or \$22,000 (this would include the age 50 catch-up).
 - Therefore, \$22,000 is his 457(b) limit at this point because that is the lesser figure compared to the Employee's compensation of \$40,000 paid in 2009.

⁵ For those employees whose compensation at time of retirement is less than the dollar limit under 415(c) -- \$49,000 for 2009.

⁶ The Second Amendment would apply the definition of compensation found in Treas. Reg. § 1.415(c)-2(d)(3) and (5). This would permit the City to include in the definition of compensation unused accrued vacation or other leave being cashed out in the definition of compensation for testing purposes. Note: Bona fide unused accrued sick leave being cashed out (not being converted to a contribution to the Plan) is also included in the definition of compensation for testing purposes.

- Employee #3 has already made \$1,250 salary deferrals to the 457(b) Plan for 2009, so his remaining limit is \$20,750. Therefore, \$20,750 can be made as an Employer Contribution of Accumulated Leave Time to the 457(b) Plan.
- At this point, the City (not the Employee) has determined that \$37,200 can be contributed to the Plan and \$20,750 can be contributed to the 457(b) Plan. This means a total of \$57,950 of the Accumulated Leave Time has been addressed.
- The City now has to address the remaining \$22,050 (\$80,000 - \$57,950) in Accumulated Leave Time.
 - The City does this by determining the lesser of two numbers:
 - The 415(c) dollar limit minus the Fringe, the Supplemental Contributions, and the initial Employer Contribution – in this case \$9,000 (\$49,000 – \$2,400 – \$400 – \$37,200); or
 - One half of the balance of the Accumulated Leave Time -- in this case \$11,025 (½ of \$22,050). This calculation is needed because each dollar increase in compensation paid permits one dollar of additional contribution to be made by the City, subject to the limits.
 - Without Employee election, the City pays the Employee \$9,000. Under the Plan (as amended to include leave cashouts as part of the definition of compensation under 415(c)), the \$9,000 may be considered to be 415(c) compensation, which will increase Employee's 415(c) compensation limit to \$49,000 (\$40,000 + \$9,000).
- The City now makes a final determination of the Employer Contribution to the Plan and makes a \$46,200 (\$37,200 from the initial calculation + \$9,000 from the new calculation) Employer Contribution of Accumulated Leave Time.
- Thus, the Employee's total annual additions to the Plan for 2009 would be \$49,000 (\$2,400 + \$400 + \$37,200 + \$9,000), which would not exceed either the dollar limit or the compensation limit under Code Section 415(c).
- The 457(b) Plan would also consider the \$9,000 as compensation if it is paid within 2 ½ months of termination or the end of the calendar year. Employee #3 potentially could elect to make a post severance deferral to the 457(b) Plan from this amount. However, in this case his limit under the 457(b) Plan is the lesser of \$22,000 or \$49,000. Previous deferrals and contributions have been made totaling \$22,000 (\$1,250 + \$20,750). Therefore, Employee #3 cannot file a new deferral election to defer any more to the 457(b) Plan.

Final "Position" of Employee #3

- \$49,000 Contributed to the Plan: \$2,400 Fringe, \$400 Supplemental Contributions, \$37,200 + \$9,000 Accumulated Leave Time.

- \$22,000 Contributed to 457(b) Plan: \$1,250 elective deferrals, \$20,750 Accumulated Leave Time.
- \$13,050 paid in cash for Accumulated Leave Time (sick pay). (**Note:** Accumulated Leave Time: \$80,000 = \$37,200 to the Plan - \$9,000 to the Plan - \$20,750 to the 457(b) Plan.)

ADDENDUM

OBSOLETE PROVISIONS

Former Plan Provision § 2.1(a)(1)

An Accumulated Leave/Compensatory Time Contribution Sub-Account shall be established for: (1) An Employee for whom Accumulated Leave/Compensatory Time Contributions were made under Section 3.1(a)(1) upon his or her Retirement between December 20, 2004 and January 7, 2005, inclusive.

Former Plan Provision § 2.1(a)(3)

An Accumulated Leave/Compensatory Time Contribution Sub-Account shall be established for: (3) A Public Safety Employee for whom Accumulated Leave/Compensatory Time Contributions were made under Section 3.1(a)(3) (for those retiring on or after June 1, 2005 and before October 1, 2007) as of the beginning of the first election period during which such Public Safety Employee was permitted to elect to have a percentage of his or her Accumulated Leave/Compensatory Time Value at Retirement contributed to the Plan as a "pick up contribution."

Former Plan Provision § 2.1(c)(2)

A Supplemental Contribution Sub-Account shall be established for: (2) An Employee or a Public Safety Employee for whom Supplemental Contributions were made under Section 3.1(d)(2) (for hires before April 1, 2008) as of the beginning of the first election period during which such Public Safety Employee was permitted to elect to have a percentage of his or her compensation contributed to the Plan as a "pick up contribution."

Former Plan Provision § 3.1(a)(1)

(1) Employer Contributions for Employees Retiring Between December 20, 2004 and January 7, 2005.

Subject to the limitations set forth in Section 4.4, upon the Retirement of an Employee between December 20, 2004 and January 7, 2005, inclusive, the City shall automatically make an Accumulated Leave/Compensatory Time Contribution to the Plan on behalf of such Employee equal to:

(A) 100% of his or her Accumulated Leave/Compensatory Time Value at Retirement for Public Safety Employees, or

(B) 102.35% of his or her Accumulated Leave/Compensatory Time Value at Retirement for General Employees.

Such Accumulated Leave/Compensatory Time Contribution shall be made as soon as administratively practicable following the Employee's Retirement. No Employee eligible for such Accumulated Leave/Compensatory Time Contribution may receive any portion of his or her Accumulated Leave/Compensatory Time Value in cash.

Former Plan Provision § 3.1(a)(3)

(3) Pick-up Contributions for Public Safety Employees Retiring on or after June 30, 2005 and before October 1, 2007

(A) Subject to the limitations set forth in Section 4.4, a Public Safety Employee who has a Retirement on or after June 30, 2005, but before October 1, 2007, may make an election to have a percentage (from among the available percentages applicable to the Public Safety Employee's classification as set forth in Appendix C) of his or her Accumulated Leave/Compensatory Time Value at Retirement contributed to the Plan as a "pick up contribution" pursuant to Code Section 414(h)(2). Such election shall be made within a certain period, determined by the Board, prior to the Public Safety Employee's Retirement, but in no event later than three months prior to his or her Retirement, and in no event later than June 30, 2007. Such election shall be binding

and irrevocable, and the Public Safety Employee may not change or modify the designated contribution percentage. Pursuant to such election, the City will pick up and pay the elected amount directly to the Plan, and the Public Safety Employee will not have the option of choosing to receive the elected amount directly instead of having it paid by the City to the Plan. The City's payment to the Plan of the elected amount shall be made as soon as administratively practicable following the Public Safety Employee's Retirement. No Public Safety Employee eligible for such "pick up contribution" shall be permitted to make contributions of any portion of his or her Accumulated Leave/Compensatory Time Value directly to the Plan. The effective date of the pickup shall be no earlier than the later of the date the Plan is approved by the Board or the date the payroll authorization form described in subparagraph (B) below is signed by the Public Safety Employee.

(B) The election described in subparagraph (A) above shall be made by completing a payroll authorization form designated for that purpose and filing such form in accordance with such procedures as have been established by the Board and the Plan's recordkeeper for that purpose. Such form shall provide (i) that the Public Safety Employee understands that the election shall be binding and irrevocable; (ii) that the Public Safety Employee authorizes the deduction from his or her accumulated leave and compensatory time balance for pick up purposes; (iii) that the Plan will only accept payment from the City and not directly from the Public Safety Employee; and (iv) that the elected amount is being picked up by the City and paid directly to the Plan and that, after executing the authorization, the Public Safety Employee does not have the option

of choosing to receive the elected amount directly instead of having it paid by the City to the Plan.

(C) A Public Safety Employee described in subparagraph (A) above who fails to make the election specified in subparagraph (A) at least three months prior to the date of his or her Retirement shall be deemed to have elected to have 0% of his or her Accumulated Leave/Compensatory Time Value at Retirement contributed to the Plan. This subparagraph (C) applies to retirements occurring prior to October 1, 2007.

(D) For all purposes of the Plan, a "pick up contribution" made pursuant to this Section 3.1(a)(3) shall be considered an Employer Contribution.

Former Plan Provision § 3.1(c)

(c) Nonelective Employer Contributions: Transitional Provision – expired as of December 31, 2007

This Section 3.1(c) applies to Nonelective Employer Contributions only with respect to the 2006 and 2007 Plan Years. This Section 3.1(c) expires December 31, 2007.

(1) Subject to the limitations set forth in Section 4.4, an Employee may make an annual election to have 100% of the Nonelective Employer Contribution Amounts (as described in Appendix D) otherwise payable to him or her contributed by the City to this Plan or to the 457 Plan. The initial annual election made in October 2005 shall be effective for Nonelective Employer Contribution Amounts otherwise payable during the period commencing January 1, 2006 and ending December 31, 2006. The second and last annual election made in October 2006 shall be effective for Nonelective Employer Contribution Amounts otherwise payable during the period commencing January 1, 2007 and ending December 31, 2007. Elections made pursuant to this paragraph (1) shall be binding and irrevocable with respect to Nonelective Employer Contribution Amounts otherwise payable during the period for which

the election is effective. No Employee may elect to receive any portion of Nonelective Employer Contribution Amounts in cash; however, if the full amount cannot be contributed because of the applicable limitations set forth in Section 4.4, the balance will be paid to the Participant in cash. Nonelective Employer Contributions made pursuant to this Section 3.1(c) shall be made for the exclusive benefit of Employees and their Beneficiaries in accordance with section 1.401-1(a)(3) of the Treasury regulations and are intended to be recurring and substantial in accordance with section 1.401-1(b)(2) of the Treasury regulations. The elections shall be made by following such procedures as had been established by the Board and the Plan's recordkeeper for that purpose.

(2) Nonelective Employer Contribution Amounts otherwise payable during the period between the initial employment date of an Employee on or after the Effective Date and the last day of the same calendar year automatically shall be made to the 457 Plan. An Employee who fails to make an annual election the first time he or she is eligible to do so shall be deemed to have elected to have 100% of the Nonelective Employer Contribution Amounts otherwise payable during the calendar year for which the election is effective contributed to the 457 Plan until December 31, 2007. For an Employee who fails to make a 2006 annual election after previously having made (or having been deemed to have made) such an election, the 2005 election (or deemed election) shall remain in effect with respect to Nonelective Employer Contribution Amounts otherwise payable during the 2007 calendar year unless and until the Employee affirmatively changes such previous election (or deemed election) by making a new election in October 2006 in accordance with paragraph (1) above.

(3) Nonelective Employer Contributions to this Plan resulting from an election made (or deemed to have been made) pursuant to paragraphs (c)(1) and (2) above shall be made

as soon as administratively practicable following the date the Nonelective Employer Contribution Amount would have otherwise been payable to the Employee.

(4) In the event that an Employee transfers to a position under the same Employee classification or a different Employee classification (or terminates employment with the City and is subsequently reemployed as an Employee under the same Employee classification or a different Employee classification), before January 1, 2008, the election (or deemed election) in effect immediately before the transfer date (or termination date) shall remain in effect with respect to Nonelective Employer Contribution Amounts otherwise payable during the period between such transfer date (or reemployment date) and the last day of the same calendar year (and for 2007 if the Employee changes such election in 2006). However, the elections made under this Section 3.1(c) expire as of December 31, 2007.

Former Plan Provision § 3.1(d)(2)

(2) Pick Up Contributions for Existing Employees and Existing Public Safety Employees: Transitional Provisions for Hires before April 1, 2008.

(A) With respect to an Employee or a Public Safety Employee who is hired before April 1, 2008, subject to the limitations set forth in Section 4.4, an eligible Employee (based on his or her Employee classification as set forth in Appendix B or C as applicable) may make an election to have contributions made to the Plan by irrevocably electing salary reduction in the amount of a designated percentage (from among the available percentages applicable to the Employee's classification as set forth in Appendix B or C as applicable) of the compensation otherwise payable to him or her on the date of the Employee's election under this subsection to be paid by the City into the Plan. Such payment by the City into the Plan shall be a "pick up contribution" pursuant to Code Section 414(h)(2). Such election shall be made no later than the

earlier of (i) the last day of the Employee's election period under the plan as in effect on April 25, 2007, or June 29, 2008 (notwithstanding any eligibility dates in Appendix B or C that would be later than that date). Pursuant to such election, the City will pick up and pay the elected amount directly to the Plan, and the Employee will not have the option of choosing to receive the elected amount directly instead of having it paid by the City to the Plan. Except as otherwise provided in subparagraph (F), the City's payment to the Plan of the elected amount shall be made as soon as administratively practicable following the date the compensation would have otherwise been payable to the Employee. No Employee eligible for such "pick up contribution" shall be permitted to make contributions of any portion of his or her compensation directly to the Plan. Except as otherwise provided in subparagraph (F), the effective date of the pickup shall be no earlier than the date the payroll authorization form described in subparagraph (B) below is signed by the Employee.

(B) The election described in subparagraph (A) above shall be made by completing a payroll authorization form designated for that purpose and filing such form in accordance with such procedures as have been established by the Board and the Plan's recordkeeper for that purpose. Such form shall provide (i) that the Employee understands that the election shall be binding and irrevocable as long as he or she remains in the employ of the City; (ii) that the Employee authorizes the salary reduction for pick up purposes; (iii) that the Plan will only accept payment from the City and not directly from the Employee; and (iv) that the elected amount is being picked up by the City and paid directly to the Plan and that, after executing the authorization, the

Employee does not have the option of choosing to receive the elected amount directly instead of having it paid by the City to the Plan.

(C) An Employee described in subparagraph (A) above who fails to make the election specified in subparagraphs (A) and (B) within the applicable period shall be deemed to have irrevocably elected to have 0% of the compensation otherwise payable to him or her contributed to the Plan.

(D) The election made by an Employee to make (or to not make) Supplemental Contributions is irrevocable and remains in place in the event that the Employee transfers to a position under the same or different Employee classification (or terminates employment with the City and is subsequently reemployed under the same or different Employee classification).

(E) Any election made by an eligible Employee prior to April 26, 2007 shall remain in effect.

(F) For elections made on and after April 26, 2007, and through June 29, 2008, the City will accept the irrevocable Supplemental Contributions election if it is submitted within the applicable eligibility period specified in Appendix B or C. However, the City will not make any deductions from the Employee's compensation for Supplemental Contributions until the Internal Revenue Service has approved the pick-up of Supplemental Contributions and the qualified status of the Plan. If the Internal Revenue Service approves the pick-up and the Plan, the irrevocable election will be processed and deductions from the Employee's compensation will occur and be contributed by the City to the Plan on a prospective basis. No Supplemental Contributions deductions or contributions will occur for the period between the date the

Supplemental Contributions election form was submitted and any effective date that the Supplemental Contributions deductions actually begin.

Appendix B

SUMMARY OF PLAN FEATURES PARTICULAR TO GENERAL EMPLOYEE CLASSIFICATIONS (pre April 1, 2008 hires)

	Unit 1	Unit 2	Office & Clerical	Confidential Office & Clerical	Supervisory & Professional																																																							
Are Employees eligible for Supplemental Contributions? (Section 3.1(d)(2))	Yes, effective 1/01/07	Yes, effective 1/01/07	Yes, effective 1/01/07	Yes, effective 1/01/07	Yes, effective 1/01/07																																																							
Percentage options for Supplemental Contributions (Section 3.1(d)(2))	3%, 7%, 10%, 15%, or service-related option	2%, 5%, 10%, 15%, or service-related option	1%, 2.5%, 5%, 10%, or service-related option	1%, 2.5%, 5%, 10%, or service-related option	2%, 5%, 10%, 20%, or service-related option																																																							
	<p>Service-related option:</p> <table border="1"> <tr> <td>2%</td> <td>A total of 1 or more but fewer than 5 years of full-time benefit eligible employment with the City</td> </tr> <tr> <td>3%</td> <td>A total of 5 or more but fewer than 10</td> </tr> <tr> <td>5%</td> <td>A total of 10 or more but fewer than 15</td> </tr> <tr> <td>7%</td> <td>A total of 15 or more but fewer than 20</td> </tr> <tr> <td>10%</td> <td>A total of 20 or more but fewer than 25</td> </tr> <tr> <td>15%</td> <td>A total of 25 or more</td> </tr> </table>	2%	A total of 1 or more but fewer than 5 years of full-time benefit eligible employment with the City	3%	A total of 5 or more but fewer than 10	5%	A total of 10 or more but fewer than 15	7%	A total of 15 or more but fewer than 20	10%	A total of 20 or more but fewer than 25	15%	A total of 25 or more	<p>Service-related option:</p> <table border="1"> <tr> <td>1%</td> <td>A total of 1 or more but fewer than 5 years of full-time benefit eligible employment with the City</td> </tr> <tr> <td>2%</td> <td>A total of 5 or more but fewer than 10</td> </tr> <tr> <td>4%</td> <td>A total of 10 or more but fewer than 15</td> </tr> <tr> <td>7%</td> <td>A total of 15 or more but fewer than 20</td> </tr> <tr> <td>10%</td> <td>A total of 20 or more but fewer than 25</td> </tr> <tr> <td>15%</td> <td>A total of 25 or more</td> </tr> </table>	1%	A total of 1 or more but fewer than 5 years of full-time benefit eligible employment with the City	2%	A total of 5 or more but fewer than 10	4%	A total of 10 or more but fewer than 15	7%	A total of 15 or more but fewer than 20	10%	A total of 20 or more but fewer than 25	15%	A total of 25 or more	<p>Service-related option:</p> <table border="1"> <tr> <td>1%</td> <td>A total of 1 or more but fewer than 6 years of full-time benefit eligible employment with the City</td> </tr> <tr> <td>2.5%</td> <td>A total of 6 or more but fewer than 11</td> </tr> <tr> <td>5%</td> <td>A total of 11 or more but fewer than 16</td> </tr> <tr> <td>7.5%</td> <td>A total of 16 or more but fewer than 20</td> </tr> <tr> <td>10%</td> <td>A total of 20 or more</td> </tr> </table>	1%	A total of 1 or more but fewer than 6 years of full-time benefit eligible employment with the City	2.5%	A total of 6 or more but fewer than 11	5%	A total of 11 or more but fewer than 16	7.5%	A total of 16 or more but fewer than 20	10%	A total of 20 or more	<p>Service-related option:</p> <table border="1"> <tr> <td>1%</td> <td>A total of 1 or more but fewer than 6 years of full-time benefit eligible employment with the City</td> </tr> <tr> <td>2.5%</td> <td>A total of 6 or more but fewer than 11</td> </tr> <tr> <td>5%</td> <td>A total of 11 or more but fewer than 16</td> </tr> <tr> <td>7.5%</td> <td>A total of 16 or more but fewer than 20</td> </tr> <tr> <td>10%</td> <td>A total of 20 or more</td> </tr> </table>	1%	A total of 1 or more but fewer than 6 years of full-time benefit eligible employment with the City	2.5%	A total of 6 or more but fewer than 11	5%	A total of 11 or more but fewer than 16	7.5%	A total of 16 or more but fewer than 20	10%	A total of 20 or more	<p>Service-related option:</p> <table border="1"> <tr> <td>1%</td> <td>A total of 1 or more but fewer than 5 years of full-time benefit eligible employment with the City</td> </tr> <tr> <td>3%</td> <td>A total of 5 or more but fewer than 10</td> </tr> <tr> <td>5%</td> <td>A total of 10 or more but fewer than 15</td> </tr> <tr> <td>7%</td> <td>A total of 15 or more but fewer than 20</td> </tr> <tr> <td>10%</td> <td>A total of 20 or more but fewer than 25</td> </tr> <tr> <td>15%</td> <td>A total of 25 or more</td> </tr> </table>	1%	A total of 1 or more but fewer than 5 years of full-time benefit eligible employment with the City	3%	A total of 5 or more but fewer than 10	5%	A total of 10 or more but fewer than 15	7%	A total of 15 or more but fewer than 20	10%	A total of 20 or more but fewer than 25	15%
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Eligibility date for election of Supplemental Contributions (Section 3.1(d)(2))	First day following a total of 12 months of full-time benefit eligible employment with the City	First day following a total of 12 months of full-time benefit eligible employment with the City	First day following a total of 12 months of full-time benefit eligible employment with the City	First day following a total of 12 months of full-time benefit eligible employment with the City	First day following a total of 12 months of full-time benefit eligible employment with the City																																																							

Appendix B

**SUMMARY OF PLAN FEATURES PARTICULAR TO GENERAL EMPLOYEE CLASSIFICATIONS
(pre April 1, 2008 hires)**

	Middle Management	Executive	City Manager																								
Are Employees eligible for Supplemental Contributions? (Section 3.1(d)(2))	Yes, effective 1/01/06	Yes, effective 1/01/06	Yes, effective 1/01/06																								
Percentage options for Supplemental Contributions (Section 3.1(d)(2))	3%, 7%, 11%, 15%, or service-related option Service-related option: <table border="1"> <tr> <td>1%</td> <td>A total of fewer than 5 years of service as a City Employee</td> </tr> <tr> <td>3%</td> <td>A total of 5 or more but fewer than 10</td> </tr> <tr> <td>5%</td> <td>A total of 10 or more but fewer than 15</td> </tr> <tr> <td>7%</td> <td>A total of 15 or more but fewer than 20</td> </tr> <tr> <td>10%</td> <td>A total of 20 or more but fewer than 25</td> </tr> <tr> <td>15%</td> <td>A total of 25 or more</td> </tr> </table>	1%	A total of fewer than 5 years of service as a City Employee	3%	A total of 5 or more but fewer than 10	5%	A total of 10 or more but fewer than 15	7%	A total of 15 or more but fewer than 20	10%	A total of 20 or more but fewer than 25	15%	A total of 25 or more	5%, 10%, 15%, 20%, or service-related option Service-related option: <table border="1"> <tr> <td>3%</td> <td>A total of fewer than 5 years of service as a City Employee</td> </tr> <tr> <td>6%</td> <td>A total of 5 or more but fewer than 10</td> </tr> <tr> <td>9%</td> <td>A total of 10 or more but fewer than 15</td> </tr> <tr> <td>12%</td> <td>A total of 15 or more but fewer than 20</td> </tr> <tr> <td>15%</td> <td>A total of 20 or more but fewer than 25</td> </tr> <tr> <td>20%</td> <td>25 or more</td> </tr> </table>	3%	A total of fewer than 5 years of service as a City Employee	6%	A total of 5 or more but fewer than 10	9%	A total of 10 or more but fewer than 15	12%	A total of 15 or more but fewer than 20	15%	A total of 20 or more but fewer than 25	20%	25 or more	5%, 10%, 15%, 20%, or 25%
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Eligibility date for election of Supplemental Contributions (Section 3.1(d)(2))	Immediate	Immediate	Immediate																								

Appendix C

SUMMARY OF PLAN FEATURES PARTICULAR TO PUBLIC SAFETY EMPLOYEE CLASSIFICATIONS (pre April 1, 2008 hires)

	Police Officers	Fire	Police Supervisory & Professional																																				
Percentage options for “pick up contributions” of Accumulated Leave/Compensatory Time Value contributed for Employees with a Retirement on or after June 30, 2005 and before October 1, 2007 and before October 1, 2007 (Section 3.1(a)(3)(A))	100%	100%	100%																																				
Percentage options for Supplemental Contributions (Section 3.1(d)(2)) (pre April 1, 2008 hires)	1%, 2%, 4%, 8%, or service-related option Service-related option: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">1%</td> <td>A total of 2 or more but fewer than 5 years of service in any sworn Police classification</td> </tr> <tr> <td>3%</td> <td>A total of 5 or more but fewer than 10</td> </tr> <tr> <td>5%</td> <td>A total of 10 or more but fewer than 15</td> </tr> <tr> <td>7%</td> <td>A total of 15 or more but fewer than 20</td> </tr> <tr> <td>10%</td> <td>A total of 20 or more but fewer than 25</td> </tr> <tr> <td>15%</td> <td>A total of 25 or more</td> </tr> </table>	1%	A total of 2 or more but fewer than 5 years of service in any sworn Police classification	3%	A total of 5 or more but fewer than 10	5%	A total of 10 or more but fewer than 15	7%	A total of 15 or more but fewer than 20	10%	A total of 20 or more but fewer than 25	15%	A total of 25 or more	1%, 3%, 6%, 12%, or service-related option Service-related option: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">1%</td> <td>A total of 2 or more but fewer than 5 years of service in any sworn Fire classification</td> </tr> <tr> <td>3%</td> <td>A total of 5 or more but fewer than 10</td> </tr> <tr> <td>5%</td> <td>A total of 10 or more but fewer than 15</td> </tr> <tr> <td>7%</td> <td>A total of 15 or more but fewer than 20</td> </tr> <tr> <td>10%</td> <td>A total of 20 or more but fewer than 25</td> </tr> <tr> <td>15%</td> <td>A total of 25 or more</td> </tr> </table>	1%	A total of 2 or more but fewer than 5 years of service in any sworn Fire classification	3%	A total of 5 or more but fewer than 10	5%	A total of 10 or more but fewer than 15	7%	A total of 15 or more but fewer than 20	10%	A total of 20 or more but fewer than 25	15%	A total of 25 or more	4%, 7%, 13%, 30%, or service-related option Service-related option: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">1%</td> <td>A total of 2 or more but fewer than 5 years of service in any sworn Police classification</td> </tr> <tr> <td>3%</td> <td>A total of 5 or more but fewer than 10</td> </tr> <tr> <td>5%</td> <td>A total of 10 or more but fewer than 15</td> </tr> <tr> <td>7%</td> <td>A total of 15 or more but fewer than 20</td> </tr> <tr> <td>10%</td> <td>A total of 20 or more but fewer than 25</td> </tr> <tr> <td>15%</td> <td>A total of 25 or more</td> </tr> </table>	1%	A total of 2 or more but fewer than 5 years of service in any sworn Police classification	3%	A total of 5 or more but fewer than 10	5%	A total of 10 or more but fewer than 15	7%	A total of 15 or more but fewer than 20	10%	A total of 20 or more but fewer than 25	15%	A total of 25 or more
1%	A total of 2 or more but fewer than 5 years of service in any sworn Police classification																																						
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Eligibility date for election of Supplemental Contributions (Section 3.1(d)(2))	First day following a total of 24 months of service in any sworn Police classification	First day following a total of 24 months of service in any sworn Fire classification	Immediate																																				

Appendix C (continued)

**SUMMARY OF PLAN FEATURES PARTICULAR TO PUBLIC SAFETY EMPLOYEE CLASSIFICATIONS
(pre April 1, 2008 hires)**

	Police Middle Management	Fire Middle Management	Police Executive	Fire Executive																														
Percentage options for "pick up contributions" of Accumulated Leave/Compensatory Time Value contributed for Employees with a Retirement on or after June 30, 2005 and before October 1, 2007 (Section 3.1(a)(3)(A))	100%	100%	100%	100%																														
Percentage options for Supplemental Contributions (Section 3.1(d)(2)) (pre April 1, 2008 hires)	5%, 10%, 20%, 32%, or service-related option Service-related option: <table border="1"> <tr> <td>5%</td> <td>A total of 7 or more but fewer than 10 years of service in any sworn Police classification</td> </tr> <tr> <td>7%</td> <td>A total of 10 or more but fewer than 15</td> </tr> <tr> <td>10%</td> <td>A total of 15 or more but fewer than 20</td> </tr> <tr> <td>15%</td> <td>A total of 20 or more but fewer than 25</td> </tr> <tr> <td>22%</td> <td>A total of 25 or more</td> </tr> </table>	5%	A total of 7 or more but fewer than 10 years of service in any sworn Police classification	7%	A total of 10 or more but fewer than 15	10%	A total of 15 or more but fewer than 20	15%	A total of 20 or more but fewer than 25	22%	A total of 25 or more	4%, 7%, 13% 30%, or service-related option Service-related option: <table border="1"> <tr> <td>5%</td> <td>A total of 7 or more but fewer than 11 years of service in any sworn Fire classification</td> </tr> <tr> <td>7%</td> <td>A total of 11 or more but fewer than 16</td> </tr> <tr> <td>10%</td> <td>A total of 16 or more but fewer than 21</td> </tr> <tr> <td>15%</td> <td>A total of 21 or more but fewer than 26</td> </tr> <tr> <td>20%</td> <td>A total of 26 or more</td> </tr> </table>	5%	A total of 7 or more but fewer than 11 years of service in any sworn Fire classification	7%	A total of 11 or more but fewer than 16	10%	A total of 16 or more but fewer than 21	15%	A total of 21 or more but fewer than 26	20%	A total of 26 or more	4%, 9%, 18%, 30%, or service-related option Service-related option: <table border="1"> <tr> <td>5%</td> <td>A total of 7 or more but fewer than 10 years of service in any sworn Police classification</td> </tr> <tr> <td>7%</td> <td>A total of 10 or more but fewer than 15</td> </tr> <tr> <td>10%</td> <td>A total of 15 or more but fewer than 20</td> </tr> <tr> <td>15%</td> <td>A total of 20 or more but fewer than 25</td> </tr> <tr> <td>22%</td> <td>A total of 25 or more</td> </tr> </table>	5%	A total of 7 or more but fewer than 10 years of service in any sworn Police classification	7%	A total of 10 or more but fewer than 15	10%	A total of 15 or more but fewer than 20	15%	A total of 20 or more but fewer than 25	22%	A total of 25 or more	4%, 8%, 12%, 16%, or 24%
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Eligibility date for election of Supplemental Contributions (Section 3.1(d)(2))	Immediate	Immediate	Immediate	Immediate																														

FIRST AMENDMENT
TO THE CITY OF PHOENIX
DEFINED CONTRIBUTION PLAN

The Phoenix Employees' Defined Contribution Board (the "Board") has adopted the following First Amendment to The City of Phoenix Defined Contribution Plan (the "Plan").

WITNESSETH

WHEREAS Section 10.01 of the Plan permits the Board to amend the Plan.

WHEREAS the Board desires to amend the Plan to reflect changes to the 401a Defined Contributions Plan consistent with the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") and the Setting Every Community Up for Retirement Enhancement Act ("SECURE Act").

NOW, THEREFORE the Plan is amended as follows:

Effective on the dates set forth herein, Section 5.3 of Article V shall be deleted in its entirety and the following shall be substituted in lieu thereof:

5.3. Distribution before Retirement.

(a) Distribution Upon Termination of Employment.

(i) Effective on Plan adoption and subject to Section 5.8, all, or any portion of, the value of the Individual Account of a Participant who has a termination of employment with the City before Retirement shall be paid as soon as administratively practicable following receipt of his or her request for a distribution made pursuant to Section 5.5. Upon receipt of a distribution request, the Board shall direct the Trustee to make a distribution to the Participant in accordance with such request.

(ii) A Participant shall become 100% vested in his or her Individual Account immediately upon participation in the Plan.

(b) Distribution for any qualified birth or adoption.

(i) Effective December 31, 2019 and subject to Section 5.8, a Participant may receive a qualified birth or adoption distribution as prescribed by the SECURE Act if made during the 1-year period beginning on the date on which the child of the individual is born or the legal adoption by the individual of an eligible adoptee is finalized; provided that the aggregate amount distributed to any Participant with respect to any birth or adoption shall not exceed \$5,000. A birth or adoption is not qualified unless the Participant includes the name, age, and the Taxpayer Identification Number (TIN) of the child or eligible adoptee on the Participant's tax return for the taxable year in which the distribution is made. The qualified birth or adoption distribution shall be made as soon as administratively practicable following receipt of his or her request for a distribution. Upon receipt of a distribution request, the Board shall direct the Trustee to make an

eligible for a qualified birth of adoption distributions to the Participant in accordance with such request.

(c) Coronavirus related distributions.

(i) Effective January 1, 2020 until December 31, 2020, Participants meeting the eligibility requirements prescribed by Section 2202 of the CARES Act may receive a coronavirus-related distribution, as defined by such Act; provided that the aggregate amount of distributions received by a Participant from all Plans which may be treated as coronavirus-related distributions for any taxable year shall not exceed \$100,000 and such distributions are administered in compliance with the applicable federal laws, rules and regulations.

Effective January 1, 2020 subparagraph (5) of Section 5.8(e) of Article V shall be deleted in its entirety and the following shall be substituted in lieu thereof:

(5) Required Beginning Date —The Required Beginning Date shall be April 1 of the calendar year following the later of (A) the calendar year in which the Participant attains age 72, or (B) the calendar year in which the Participant retires or (C) the date otherwise prescribed by federal law.

Effective February 1, 2022 Section 8.04 of Article VII shall be deleted in its entirety and the following shall be substituted in lieu therefore:

8.04 All interest, dividends, charges for premiums and administrative expenses, and changes in value due to market fluctuations applicable to each PARTICIPANT'S DEFINED CONTRIBUTION ACCOUNT shall be credited or debited to the account as they occur. Reasonable expenses of administering the PLAN shall be debited to each PARTICIPANT'S DEFINED CONTRIBUTION ACCOUNT.

The Board will adopt a Fee and Expense Policy Statement that outlines fees and expenses charged to each PARTICIPANT'S DEFINED CONTRIBUTION ACCOUNT. The Board will review the Fee and Expenses Policy Statement annually. Annual administrative fees will be assessed in accordance with such Fee and Expense Policy Statement.

Each PARTICIPANT DEFINED CONTRIBUTION ACCOUNT will be required to maintain a minimum core account balance of \$1,000. The Plan's record keeper will ensure the minimum account balance is met. In the event the minimum balance is not met, the record keeper is authorized to automatically liquidate assets in the self-directed brokerage sufficient to maintain the required minimum balance.

Accounts received by the Plan that are not tied to a specific PARTICIPANT DEFINED CONTRIBUTION ACCOUNT, such as a mutual fund payment

reimbursement and abusive trading settlement, or any other such amount may be used by the CITY to pay PLAN expenses.

IN ALL OTHER RESPECTS, the Plan is hereby ratified and confirmed.

The foregoing provisions of First Amendment to the City of Phoenix Defined Contribution Program was approved on the 9th of April 2020 and 13th day of August 2020, and the 21st of November 2021 by a vote of The Phoenix Employees' Defined Contribution Board.

IN WITNESS WHEREOF, the Board has caused this First Amendment to be executed this 30 day of December, 2021.

WITNESS:

THE CITY OF PHOENIX, ARIZONA

Maicia Wilson

By: Scott Steventon
Scott Steventon
Retirement Programs Administrator