City of
AUBURN HILLS
Honoring The Past. Building The Future.

EMPLOYEE PENSION PLAN
AS RESTATED OCTOBER 17, 2005

Amended 1/22/2007	<u>Benefits Resolution, Admin Employees</u> Increase Employee Contribution from 5% to 6% - Effective 1/1/2007
Amended 11/12/2007	<u>Labor Agreement, Stipulated Award, Patrol</u> Increase Employee Contribution to 6% - Effective 1/1/2006
Amended 1/5/2009	<u>Retirement Window, Admin Employees (V. Valko)</u> Normal Retirement at Age 50, with Health Insurance, No COLA Effective 1/5/09 – 1/30/09
Amended 6/1/2009	<u>Labor Agreement – AFSCME</u> Reduce COLA from 5% for 15 Years to 2.5% for 15 Years – Effective 10/1/09
Amended 8/24/2009	<u>Benefits Resolution, Admin Employees</u> Reduce COLA from 5% for 15 Years to 2.5% for 15 Years – Effective 1/1/2010
Amended 11/23/2009	<u>Settlement Agreement Between City of Auburn Hills and Mark Walterhouse</u> Waive ½% per Month Penalty for Early Retirement, and Maintain 5% COLA
Amended 11/23/2009	<u>Retirement Window, Admin Employees</u> Negotiate exceptions for Employees hired before 1/1/2004, Retirement Eligible in 2009, Retires on or before 12/31/2009 Waive ½% per Month Penalty for Early Retirement, and Maintain 5% COLA
Amended 4/28/2010	<u>Arbitration Award – Police Command</u> Reduce COLA from 5% for 15 Years to 2.5% for 15 Years – Effective 1/1/2010
Amended 4/28/2010	<u>Arbitration Award – Police Detectives</u> Reduce COLA from 5% for 15 Years to 2.5% for 15 Years – Effective 1/1/2010

CITY OF AUBURN HILLS

EMPLOYEE PENSION PLAN

(October 2005 Restatement)

CITY OF AUBURN HILLS EMPLOYEE PENSION PLAN

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CITY OF AUBURN HILLS EMPLOYEE PENSION PLAN

(October 2005 Restatement)

This amended and restated Retirement Plan has been adopted by the City of Auburn Hills, a political subdivision of the State of Michigan.

The City of Auburn Hills Employee Pension Plan (The "Plan") was adopted effective as of April 1, 1973 to provide retirement benefits for eligible Employees of the City. The Plan has been amended from time to time (Restated effective: October 1, 1975, October 1, 1984, October 1, 1985, January 1, 1989, and November 13, 2000) and is being amended and restated in its entirety in this document effective October 17, 2005 except as otherwise noted.

The provisions of this Plan will apply only to persons whose employment with the City terminated on or after October 17, 2005. The rights and benefits, if any, of other former Employees will be determined by the provisions of the Plan as in effect on the date their Employment terminated.

ARTICLE I
DEFINITIONS

<u>SECTION</u>

1.1 Unless otherwise required by the context, the terms used herein shall have the meanings set forth in the remaining sections of this Article.

1.2 "<u>Accrued Benefit</u>" shall mean the monthly amount of pension payable to a Participant on the Normal Form determined in accordance with Section 3.2 as of the Participant's Normal or Deferred Retirement Date, or determined in accordance with Section 3.2 as of an earlier date as though the Participant's Early Retirement Date, date of disability, Termination Date or date this Plan terminates, whichever is applicable, were the Participant's Normal Retirement Date.

1.3 "<u>Actuarial Equivalent</u>" shall mean a benefit of equivalent actuarial value to the benefit otherwise payable, differing in time, period or manner of payment and determined in accordance with estimates of future Plan experience with respect to factors such as rates of investment income and mortality rates on the date such actuarially equivalent benefit is to be determined.

1.4 "<u>Annual Compensation</u>" for all Participants, except police officers, shall mean only the Participant's base pay and overtime compensation paid to such Participants excluding sick bank pay or any other form of compensation. Annual Compensation for Participants employed as a police officer shall mean only the Participant's base pay, overtime and longevity compensation paid to such Participants by the Employer during the Plan Year, but excluding holiday bonus days, sick bank pay or any other form of remuneration. Compensation shall be credited to the period paid, not the period earned.

1.5 "Final Average Compensation" shall mean the Participant's Annual Compensation averaged over the highest 5 consecutive Plan Years of Employment, or, if applicable, as determined in accordance with the appropriate Sections of the Plan, the Participant's Early Retirement Date, date of disability, Termination Date or date the Plan terminates, whichever first occurs.

1.6 "Beneficiary" shall mean the individual(s) or legal entity last designated by a Participant as entitled to receive any benefits which may be payable under the Plan by reason of the death of the Participant. If no such designation is in effect at the time of the death of the Participant, or if no person so designated shall survive the Participant, then any benefits which may be payable under the Plan shall be paid to the Participant's estate. Designation of a person as joint annuitant when the Joint and Survivor Annuity Form has been selected or is applicable shall not constitute a designation of such person as Beneficiary with respect to any other benefit payable under the Plan.

1.7 "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

1.8 "Credited Interest" shall mean interest compounded annually at the rate of 6% from the end of the Plan Year for which Mandatory Contributions are made to the last day of the calendar month on or immediately preceding the date on which such amounts are disbursed or applied hereunder.

1.9 "Credited Service" of an Employee, other than a part-time firefighter, shall mean the Participant's period of Employment determined in accordance with the following rules:

(a) An Employee shall receive credit for 1 year of Credited Service for each Plan Year during which the Participant completes at least 1,000 Hours of Service;

(b) If an Employee completes less than 1,000 Hours of Service during the Plan Year in which the Participant commences Employment (or returns to Employment after a Break-in-Service) or the Plan Year in which his/her Retirement Date, Termination Date, date of disability, death or termination of the Plan occurs, the Participant shall receive partial credit for 1 year of Credited Service; the amount of such credit to be determined by a fraction, the numerator of which shall be the number of Hours of Service the Participant completes during such Plan Year, and the denominator of which shall be 1,000.

(c) "Hour of Service" of an Employee shall mean each hour for which the Participant is paid, or entitled to payment by the Employer for

(i) the performance of duties, each such hour to be credited to the Employee for the Plan Year in which such duties are performed; or

(ii) on account of a period of time during which no duties are performed (irrespective of whether the Participant's Employment has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence, excluding: (A) each hour for which he/she is directly or indirectly paid, or entitled to payment on account of any such period for which such payment is made or due under a plan maintained solely to comply with applicable workmen's compensation, or unemployment compensation or disability insurance laws; and, (B) each hour for which he/she is solely reimbursed for medical or medically related expenses he/she incurred. Except as otherwise provided by Section 2530.200b-2 of the Department of Labor Regulations, hours under this paragraph shall be credited to the Plan Year or Years in which such period of non-performance of duties occurred and shall equal (and in no event exceed) the number of working hours regularly scheduled for a customary workweek, or if no such working hours are regularly scheduled, 40 hours per workweek, or pro-rata portion thereof; provided, however, that no more than 501 hours shall be credited hereunder on account of any such single continuous period of time; and

(iii) each hour, not credited under (i) or (ii), for which back pay, irrespective of mitigation of damages, has either been awarded to the Employee or agreed to by the Employer, such hours to be credited to the Employee for the Plan Year to which such award or agreement pertains.

(d) "Military Service Credit" An Employee shall be credited with each additional hour for which the Participant would otherwise be expected to be regularly scheduled to work, during any period of absence by reason of service in any of the Armed Forces of the United States, during a period and under circumstances required to give such Employee reemployment rights under any applicable federal or state law, provided the Participant returns to active Employment within the time specified by law.

(e) If an Employee sustains a Five-Year Break-in-Service at a time when the Participant has no Vested Benefit under the Plan, the Participant's years of Credited Service prior to such break shall be disregarded if the number of consecutive one-year Breaks-in-Service during such break equals or exceeds the number of the Participant's years of Credited Service before such Five-Year Break-in-Service (not including in such number of years of Credited Service any year of Credited Service previously excluded because of an earlier Break-in Service under the Plan)

"Break-in-Service" for an Employee shall mean any Plan Year in which the Participant fails to complete more than 500 Hours of Service. "Five-Year Break-in-Service" shall mean a period of 5 or more consecutive Breaks-in-Service.

"Credited Service" of an Employee who is a part-time firefighter shall mean his/her total years and months of Employment while an active part-time firefighter on duty.

(f) If this Plan was maintained by a predecessor employer, any period of service with such predecessor employer shall be treated as service with the Employer for purposes of this section.

1.10 "Deferred Retirement Date" shall mean the date as determined in accordance with Section 3.5.

1.11 "Early Retirement Date" shall mean the first day of any month which is within 5 years of a Participant's Normal Retirement Date; provided, however that Early Retirement Date does not apply to part-time firefighters. In no event shall an Early Retirement Date be sooner than the earliest Retirement Date provided for in a Participant's applicable collective bargaining agreement.

1.12 "Effective Date" of the Plan is April 1, 1973.

1.13 "Employee" shall mean any individual employed by the Employer as an administration employee, employee represented by the A.F.S.C.M.E. union, police officer, police command officer, police detective, police or fire administration employee, police service officer (dispatcher), employee represented by the IAFF union, and effective September 12, 1988, active part-time firefighters, who makes the required contributions under Section 10.1, if applicable. **EMPLOYEE PARTICIPATION IN THIS PLAN SHALL BE LIMITED BY AND SUBJECT TO THE PROVISIONS OF SECTION 2.2.**

1.14 "Employer" shall mean the City of Auburn Hills.

1.15 "Employer Contributions" shall mean payments made to the Trustees by the Employer pursuant to the provisions of this Plan and Trust.

1.16 "Employment" shall mean the service of an Employee with the Employer.

1.17 "Enrolled Actuary" shall mean an actuary selected by the Trustees who is enrolled by the Joint Board for the Enrollment of Actuaries.

1.18 Reserved.

1.19 "Forfeiture" shall mean such part (or all) of a Participant's Accrued Benefit which is forfeitable upon termination of the Participant's Employment, except by retirement, disability or death, in accordance with the provisions of Article IX.

1.20 Reserved.

1.21 Reserved.

1.22 "Limitation Year" shall mean a calendar year.

1.23 "Mandatory Contributions" shall mean the contributions made by certain Participants as a condition of Participation pursuant to Article X.

1.24 "Normal Form" shall mean the manner and period of pension payment payable as determined in accordance with Section 3.2, without regard to any optional form of pension to which the Participant, Spouse or Beneficiary may otherwise be entitled.

1.25 "Normal Retirement Age" shall mean the age and service requirements for the following benefit groups as specified in the attached appendices.

(a) Administration Employees - Appendix A

(b) A.F.S.C.M.E. Members - Appendix B

(C) Police Officers - Appendix C

(D) POLC - Sergeants, Lieutenants, and communication supervisors- Appendix D

(E) POLC - Detectives - Appendix E

(F) Police Service Officers - Appendix F

(G) IAFF Members- Appendix G

(H) Part-Time Firefighters- Appendix H

1.26 "Normal Retirement Date" shall be the first day of the calendar month coincident with or otherwise next following the Participant's Normal Retirement Age.

1.27 "Participant" shall mean any Employee who has met the requirements of Article II and who has performed all acts required thereunder. Unless otherwise limited by the context, it shall include a former Employee who has retired and who is receiving benefits under this Trust, and a former Employee whose Employment has otherwise terminated and who remains eligible for benefits hereunder in accordance with Article IX.

1.28 "Participation" shall mean that portion of an Employee's Credited Service which occurs after he/she becomes a Participant in the Plan pursuant to Article II.

1.29 "Participation Date" shall mean the date an Employee commences Employment.

1.30 "Plan" shall mean the City of Auburn Hills Employee Pension Plan and Trust, originally enacted as the Township of Pontiac Pension Plan as embodied in Group Annuity Policy No. 1910 issued by the Manufacturers Life Insurance Company to the Employee, effective April 1, 1973; as such Plan has been or may be amended or renamed from time to time thereafter.

1.31 "Plan Year" shall mean the 12 month period commencing on each January 1 and ending December 31.

1.32 Reserved.

1.33 "Retirement Date" shall mean a Participant's Normal, Early or Deferred Retirement Date, as detailed in Article III.

1.34 "Spouse" shall mean the person legally married to the Participant under the laws of the jurisdiction in which the marriage was contracted on the date on which the payments from the Plan are to begin to the Participant.

1.35 "Termination Date" shall mean the date on which the Participant ceases to be an Employee in accordance with the provisions of Article IX.

1.36 "Trust" shall mean the Trust as contained herein, and as the same may be amended from time to time.

1.37 "Trustees" or "Board of Trustees" shall mean the individuals vested with the authority and fiduciary responsibility for the administration, management and operation of the Plan as provided under Article XII, or any successor or successors thereto.

1.38 "Trust Fund" or "Fund" shall mean the cash and other properties held and administered by the Trustees to carry out the provisions of this Plan and Trust.

1.39 "Vested Benefit" shall mean that portion of the Participant's Accrued Benefit which is nonforfeitable in accordance with Article IX.

ARTICLE II
ELIGIBILITY AND PARTICIPATION

SECTION

2.1 Present Participants. As the Plan contained herein is a continuing pension plan, Employees and former Employees on October 17, 2005 who were Participants on October 17, 2005 shall continue to participate hereunder without any action on their part to evidence their Participation.

All persons who either retired or terminated Employment prior to October 17, 2005 and retained a Vested Benefit under the Plan, including their Spouses, joint annuitants and Beneficiaries entitled to benefits arising from their interest in the Plan, shall continue to be entitled to the same amount of retirement and other benefits under this amended and restated Plan, and such benefits shall continue to be governed by the provisions of the Plan as in effect on October 16, 2005 except as otherwise specifically provided herein.

2.2 Other Employees. The following individuals shall be excluded from Participation in the Plan:

(a) Employees with an Effective Date of Hire on or after:

April 1, 1998 - Administration Employees;

January 1, 1998 - A.F.S.C.M.E. Members;

January 1, 2000 - Police Officers;

January 1, 1997 - POLC - Sergeants, Lieutenants and Communication Supervisors;

January 1, 1997 - POLC - Detectives;

January 1, 2000 - Police Service Officers;

April 1, 1998 - Police and Fire Administration Employees;

April 1, 1998 - IAFF Members;

January 1, 2000 - Part-time Firefighters;

(b) City Council Members first elected on or after November 1999;

(c) Any person who performs services for the City pursuant to a written agreement with the City that does not provide for Participation in the Plan, and

(d) Any person paid wholly on a per diem or fee basis.

(e) In all cases of doubt, the Board shall decide who is a Participant within the meaning of the provisions of the Plan.

2.3 Absence in Armed Forces. Pursuant to the Uniform Services Employment and Reemployment Rights Act of 1994 ("USERRA"), each Employee who is called to or entered any armed service of the United States during the period of Employment shall have such service actually required of him/her credited to him/her as Employer Service in the same manner as if he/she had served the Employer uninterruptedly, provided such person reenters Employment within the specified period of time from termination of military service required of him/her, as provided by USERRA. The Employee shall be entitled to Accrued Benefits that are contingent on Employee contributions, provided such Employee pays the required contributions within up to three (3) times the period of their military service (but not to exceed five (5) years. In no case shall Credited Service be more than five (5) years.

2.4 Application Form. A Participant must execute such instruments and furnish such evidence of age and other information as may be reasonably required by the Trustees.

2.5 Mandatory Contributions As A Condition of Employment. If Applicable. As a condition of Employment, an Employee must make the contributions required under Section 10.1, if applicable. In no event may a Participant withdraw any part of his/her Mandatory Contributions while in active Employment at any time prior to the termination of the Plan.

2.6 Termination After Participation. In no event shall a terminated Participant participate in the Plan upon his/her return to Employment, except as may be determined by collective bargaining, arbitration, judicial order, or administrative action.

2.7 Reserved.

2.8 Reemployment of Retired Participant. If a retired Participant becomes re-employed by the City, he/she shall not participate in the Plan. The retired Participant's pension payments shall cease, effective as of the first day of the calendar month following the sixtieth (60th) day after the date of the retired Participant's rehire date. Payments shall be reinstated on the first of the month following termination of the retired Participant's re-employment. A Participant's pension benefit, as calculated under this Section shall not be less than the amount of pension benefit he/she had been receiving prior to re-employment. In no event shall there be any duplication of benefits.

The above paragraph shall not apply to a retired Participant who is re-employed by the City on a temporary basis for a period not to exceed six months. Such person shall not be eligible to again participate in the Plan and shall not make Mandatory Contributions to the Plan. Any current benefit payments shall continue to be paid during the retired Participant's period of temporary re-employment.

2.9 Effective Provisions. A Participant shall be entitled to those benefits based upon the terms and conditions applicable to the Participant's Benefit Group and in effect at the time of separation from Employment.

ARTICLE III
RETIREMENT DATES AND NORMAL FORM OF PENSION

SECTION

3.1 Normal Retirement Date. A Participant in active Employment on his/her Normal Retirement Date who is not receiving disability payments may elect to retire and shall be entitled to a monthly pension benefit on the Normal Form equal to the amount determined in accordance with Section 3.2.

3.2 Normal Retirement Pension. Subject to the provisions of Article IV, the monthly amount of pension payable to a Participant on the Normal Form commencing on the Participant's Normal Retirement Date shall be equal to 1/12 of the benefit provided for the following Participants:

(a) Administration Employees - Appendix A

(b) A.F.S.C.M.E. Members - Appendix B

(c) Police officers - Appendix C

(d) POLC - Sergeants, Lieutenants and Communication Supervisors - Appendix D

(e) POLC - Detectives - Appendix E

(f) Police Service Officers - Appendix F

(g) IAFF Members- Appendix G

(h) Part-time Firefighters- Appendix H

3.3 Benefit Increases. Effective as of:

January 1, 1990	Administrative Employees
January 1, 1992	City Council Members
January 1, 1992	Police and Fire Administration Employees
January 1, 1997	A.F.S.C.M.E. Employees
January 1, 1997	POLC - Sergeants, Lieutenants and Communication Supervisors
January 1, 1997	POLC - Detectives
January 1, 1995	Police Officers

and annually thereafter as of each January 1, the amount of pension benefit payable under the Plan to each category of Employeess noted above who has terminated, become disabled or retired from Employment on or after:

January 1, 1989	Administrative Employees
January 1, 1992	City Council Members
January 1, 1992	Police and Fire Administration Employees
January 1, 1997	A.F.S.C.M.E. Employees
January 1, 1997	POLC - Sergeants, Lieutenants and Communication Supervisors
January 1, 1997	POLC - Detectives
January 1, 1995	Police Officers

shall be increased, whether or not payment of such pension benefit has commenced. The amount of each such increase shall be equal to 5% of the amount of pension benefit which the Participant is entitled to receive when such benefit first becomes payable under this Article or under Article VII or IX. Such increases in benefits shall also apply to benefits payable to Beneficiaries or Spouses upon the death of any such Participant. This section shall not vest upon any Employee the right or expectancy to continue receiving any benefits provided for in this section. Nothing shall prevent the Employer, acting through its City Council and in accordance with Section 13.1, from amending or revoking the provisions of this paragraph prospectively for benefit increases effective on or after:

January 1, 1991	Administrative Employees
January 1, 1992	City Council Members
January 1, 1993	Police and Fire Administration Employees

3.4 Early Retirement Date. A Participant who ceases to be an Employee on or after his/her Early Retirement Date shall be entitled to receive a reduced monthly amount of pension benefit, commencing on the first day of any month on or after the date his/her written election is filed with the Trustees and before his/her Normal Retirement Date, and payable thereafter during his/her lifetime. Such reduced pension benefit shall be subject to the provisions of Article IV, and shall be equal to the Actuarial Equivalent of his/her Accrued Benefit reduced ½% for each month prior to attainment of age 55.

3.5 Deferred Retirement Benefit. Effective on and after the first day of the first Plan Year beginning after December 31, 1987, if a Participant defers commencement of benefits to a date after his/her Normal Retirement Date, the following provisions shall apply:

(a) Additional Benefits. Years of Service completed and Annual Compensation earned after Normal Retirement Date, as well as changes in other factors specified in the Plan affecting the benefit determination as permitted by law and regulations, shall be taken into account for purposes of determining and providing any additional benefits that may result from applying the benefit formula under Section 3.2 to such service and compensation; provided that in no event shall a Participant's pension benefit be less than his/her Accrued Benefit as of his/her Normal Retirement Date.

(b) Benefit Payments and Adjustments. The payment of the Participant's pension benefit shall be postponed until an Annuity Starting Date designated by the Participant which shall be the first day of any month on or after the date of the Participant's actual separation from Employment (his/her "Deferred Retirement Date").

(c) Amount of Additional Benefits. The monthly amount of pension benefit payable to any Participant on the Normal Form commencing on a deferred Annuity Starting Date under this Section shall be equal to the amount determined in (1) below, adjusted as provided in (2) below.

(1) The amount of the Participant's pension benefit otherwise payable under Section 3.2 at his/her Normal Retirement Date, plus each additional benefit accrual for each Plan Year thereafter as determined under (a) above, shall be increased actuarially to reflect the deferral in commencement of benefits, subject to any applicable adjustments provided under (2).

(2) Any additional amount of Accrued Benefit provided under (a) above for any Plan Year or portion thereof after the Participant's Normal Retirement Date shall be offset by the total actuarial adjustment to the Participant's pension benefit attributable to such Plan Year under (1) above, as well as by the Actuarial Equivalent of any pension payments made to the Participant during Employment (determined on the Normal Form), to the extent that such offset is made to the greater of (i) the Participant's total pension benefit accrued as of the close of the prior Plan Year, starting with the last Plan Year beginning before January 1, 1988, including any actuarial adjustments made under (1) above for the prior Plan Year, or (ii) the Participant's total pension benefit under Section 3.2 as of the close of the prior Plan Year, determined on the Normal Form and taking into account any additional accruals under (a) above.

ARTICLE IV
JOINT AND SURVIVOR REQUIREMENTS

SECTION

4.1 Qualified Joint and Survivor Annuity (Contingent Annuitant Form). The pension payable to a married Participant on the date the Participant’s pension benefit payments begin, if the Participant does not make a qualified election (as defined in Section 4.2) of another form of pension, shall be on the Joint and Survivor Annuity Form with the Participant’s Spouse as joint annuitant and shall be in an amount equal to the product of (a) and (b):

(a) The Participant’s formula amount of pension benefit as determined in accordance with Section 3.2, 3.3, 3.4, 3.5, 7.1, 9.2 or 9.3, whichever is applicable.

(b) The conversion factor based on the Participant’s actual or presumed election of the Joint and Survivor Annuity Form described in Section 6.3, with the Participant’s Spouse as joint annuitant being entitled, upon the Participant's prior death, to 50% of the Actuarial Equivalent pension payable to the Participant.

4.2 Qualified Election to Waive Joint Annuitant Form. A Participant may elect not to take the 50% Joint and Survivor Annuity Form described in Section 4.1 by delivering to the Trustees, within the 90 day period ending on the date benefit payments begin, the Participant’s written election to have the Participant’s pension benefit paid on the Normal Form or on an optional form of payment described in Article VI. The Spouse's consent to such a waiver of the qualified joint and survivor annuity described in Section 4.1 must: (1) be in writing on a form prescribed by the Trustees; (2) acknowledge the effect of the Participant's election on the Spouse; (3) be witnessed by a Plan official or notary public; and, (4) be limited to a benefit commencing at a specific time for the benefit of a specific alternate Beneficiary or other payee, and shall be irrevocable with respect to such waiver. Notwithstanding this consent requirement, if the Participant establishes to the satisfaction of a Plan representative that such written consent may not be obtained because there is no Spouse or the Spouse cannot be located, a waiver will be deemed a qualified election. Any consent necessary under this provision will be valid only with respect to the Spouse who signs the consent, or in the event of a deemed qualified election, the designated Spouse. Additionally, a revocation of a prior waiver may be made by a Participant without the consent of the Spouse at any time before the commencement of benefits. The number of revocations shall not be limited.

4.3 Notice Requirements. The Trustees shall provide each Participant within a reasonable period prior to the commencement of benefits a written explanation of: (i) the terms and conditions of the qualified joint and survivor annuity; (ii) the Participant's right to make, and the effect of, an election to waive the qualified joint and survivor annuity form of benefit; (iii) the rights of a Participant's Spouse; and, (iv) the right to make, and the effect of, a revocation of a previous election to waive the qualified joint and survivor annuity.

ARTICLE V
INTERNAL REVENUE CODE QUALIFICATIONS

SECTION

5.1. The Plan is intended and has been administered to be a qualified pension plan under §401 of the Internal Revenue Code, as amended (“IRC” or “Code”), or successor provisions of law and other applicable laws, regulations and administrative authority. The Plan is a governmental plan under IRC §414(d) and is administered for the exclusive benefit of the Plan’s Participants and their beneficiaries. The Plan’s Trust is an exempt organization under IRC §501. The Plan shall be administered as a qualified plan consistent with the provisions herein, as amended by Appendix 1, and the Board of Trustees may adopt such additional provisions to the Plan as are necessary to fulfill this intent.

ARTICLE VI
OPTIONAL FORMS OF PENSION

SECTION

6.1A Normal Form of Pension. If a Participant does not make a timely election of one of the optional forms of pension described in Article VI and if Article IV does not apply, then pension benefits shall be payable monthly in the amount of the Participant’s pension benefit determined in accordance with Section 3.2, 3.3, 3.4 or 3.5, whichever is applicable; with the first monthly payment being due on the commencement date provided under the applicable Section, if the Participant is then living, and the last monthly pension payment being due on the last monthly due date on which the Participant is living. If the death of the Participant occurs before the sum of all monthly pension benefit payments that have become due prior to the Participant's death equals or exceeds the amount of the Participant's Mandatory Contributions with Credited Interest determined as of the date pension benefit payments commenced, there shall be payable to the Beneficiary entitled thereto an amount equal to the excess of such Mandatory Contributions with Credited Interest over the sum of such monthly pension benefit payments in a manner at least as frequent as would otherwise be paid under the annuity.

6.1 Election of Optional Forms. A Participant whose pension benefit is otherwise payable on the Normal Form may elect in writing to the Trustees to receive his/her benefit on one of the optional forms set forth in Section 6.3. The Trustees shall provide to each active Participant and each terminated Participant with a Vested Benefit whose pension benefit has not yet commenced, an election form for such purpose as well as a written explanation of the terms and conditions and effects of such election at least 90 days prior to the Participant's attaining his/her earliest possible Early Retirement Date or Normal Retirement Date, whichever is first applicable, or upon the Participant's marriage, if later, and known to the Trustees. Such written election must be received by the Trustees prior to the Participant's Retirement Date. During the period stated above a Participant shall have the right to revoke, in writing, any annuity form elected under this section and to elect another annuity form.

6.2 Optional Forms Based on Actuarial Equivalent. The optional forms of benefit payment available, except with respect to any option which provides a lump sum settlement to the Participant, shall be the Actuarial Equivalent of the pension benefit payable to the Participant under Section 3.2, 3.3, 3.4, 3.5, 7.1, 9.2 or 9.3, whichever is applicable.

6.3 Optional Forms. The optional forms of pension benefit payable to Participants hereunder shall be:

Life Income with Payments Certain Form. This form provides monthly payments to the Participant with the first monthly payment being due on the Participant's Retirement Date if he/she is then living. Subsequent payments shall be due on the same day of each month thereafter and will be made to the Participant for the balance of a 10 year period certain and thereafter during the Participant's lifetime. If the death of the Participant occurs after this form of pension has become operative but prior to the expiration of the 10 year period certain, there shall be payable to the Beneficiary entitled thereto any unpaid income certain payment due prior to the death of the Participant and continued payments to such Beneficiary for the balance of the 10 year period certain or, if elected by the Beneficiary, there shall be payable in one sum to such Beneficiary the computed value as of the date of the Participant's death of any unpaid income certain. If the death of the Beneficiary occurs prior to the expiration of the 10 year period certain, and while such Beneficiary is entitled to receive such benefits, there shall be payable to the executors or administrator of such Beneficiary the computed value of any unpaid income certain as of the date of the

Beneficiary's death. For purposes of determining any "computed value" hereunder, the interest rate shall be that rate which is in use in determining an Actuarial Equivalent under the Plan. If the death of the Participant occurs after the expiration of the period certain, the income shall terminate with the monthly payment due on the last monthly due date on which the Participant is living.

__________ 100% Joint and Survivor Annuity Form. The retired member is paid a reduced pension for life, with the first monthly payment being due on the Participant's Retirement Date. Upon the death of the retired member, the monthly payments shall be continued to the named survivor Beneficiary in the same amount as the retired member was receiving for the balance of the lifetime of such survivor. There shall be no payment due after or by reason of the death of the survivor. If either a Participant's death or the death of the named survivor Beneficiary occurs prior to the Participant's Retirement Date, the election of this option shall be deemed inoperative.

__________ 50% Joint and Survivor Annuity Form. The retired member is paid a reduced pension for life, with the first monthly payment being due on the Participant's Retirement Date. Upon the death of the retired member, the monthly payments shall be continued to the named survivor Beneficiary; but shall be reduced by 50% the amount the retired member was receiving for the balance of the lifetime of such survivor. There shall be no payment due after or by reason of the death of the survivor. If either a Participant's death or the death of the named survivor Beneficiary occurs prior to the Participant's Retirement Date, the election of this option shall be deemed inoperative.

__________ Joint and Survivor Annuity Form With 10 Year Certain. This form provides monthly payments payable jointly to the Participant and the joint annuitant during their joint lifetimes, with the first monthly payment being due on the Participant's Retirement Date if the Participant and the joint annuitant designated by the Participant are both then living. Subsequent payments shall be in the same amount and shall be due on the same day of each month thereafter and shall continue until the death of either the retired Participant or the joint annuitant. On the first of the month next following the date of death of either the retired Participant or the joint annuitant, such monthly payments shall be continued to the survivor in the same amount for the balance of the lifetime of such survivor. If the death of such survivor occurs within 10 years of the Participant's Retirement Date, there shall be payable to the Beneficiary entitled thereto any unpaid income certain payment due prior to the death of the survivor, and continued payments to the Beneficiary for the balance of such 10 year period certain, or if elected by the Beneficiary the commuted value as of the date of the survivor's death of any unpaid income certain. If the death of the Beneficiary occurs within 10 years of the Participant's Retirement Date, and while such Beneficiary is entitled to receive such benefits, there shall be payable to the executors or administrators of such Beneficiary the commuted value as of the date of the Beneficiary's death of any unpaid income certain. For purposes of determining any computed value hereunder, the interest rate shall be that rate which is in use in determining any Actuarial Equivalent under the Plan. If the death of the survivor occurs 10 years or more after the Participant's Retirement Date, the income shall terminate with the monthly payment due on the last monthly due date on which the survivor is living.

ARTICLE VII
DISABILITY BENEFITS

SECTION

7.1 Disability Retirement for Participants Who are Not Covered Under the Long Term Disability Group Contract. If a Participant who (i) is not eligible for long term disability benefits under a Long Term Disability Group Contract issued to the Employer, and (ii) has completed 10 years of "Credited Service" and becomes disabled as determined in accordance with the definition of long term disability under the Long Term Disability Group Contract in effect at the time of disability for a 6 month period while in active Employment, the Participant shall receive a disability retirement benefit commencing as of the first day of the calendar month following 6 months of disability and payable thereafter during his/her lifetime. Such monthly disability retirement benefit shall be subject to the provisions of Articles IV and V and shall be to the Participant's Accrued Benefit without actuarial reduction.

7.2 Participants Covered Under the Long Term Disability Group Contract. Notwithstanding the provisions of Article III, a Participant who is receiving disability benefit payments under a Long Term Disability Group Contract issued to the Employer shall not be deemed to have terminated Employment so long as such payments continue. Upon the cessation of such disability payments to a Participant:

(a) because the disabled Participant has attained age 65, he/she shall be entitled to receive a monthly pension benefit hereunder, commencing on the first day of the month on or after the Participant's 65th birthday and payable thereafter for the Participant's lifetime equal to the greater of the Participant's Accrued Benefit based on the Participant's years of Credited Service before the Participant's period of disability or an amount equal to the Actuarial Equivalent of 60% of the Participant's projected monthly benefit determined by using the Participant's Final Average Compensation as of the Participant's date of disability and the Participant's years of Credited Service he/she would have completed on the Participant's Normal Retirement Date had he/she not become disabled.

(b) because the Participant ceases to be disabled prior to age 65 and returns to the service of the Employer, he/she shall be entitled to resume active Participation under the Plan on his/her date of re-employment. Such Participant's pension at retirement shall be determined in the same manner as provided in Section 3.5, subject to a minimum benefit as described in Section 7.2(a) above.

(c) because the Participant ceases to be disabled prior to age 65 and fails to return to the service of the Employer, his/her pension benefit shall be determined under the pertinent provisions of Section 3.3 or Article IX, including the period of his/her disability as service only for the purposes of determining his/her eligibility for a pension under Section 3.3 or the applicable vesting percentage under Article IX.

ARTICLE VIII
DEATH OF A Participant

SECTION

8.1 Preretirement Death Benefit. Any death benefit for any Participant under the Plan shall be incidental to the retirement benefits of the Plan. If a Participant dies prior to the date payment of the Participant's pension benefit under the Plan commences, the Participant's Surviving Spouse, or the Participant's designated Beneficiary, shall be entitled to a death benefit as follows:

(a) If a Participant dies while actively employed by the Employer, or while receiving disability payments under a Long Term Disability Group Contract issued to the Employer, the death benefit shall be an amount equal to 100 times a Participant's projected monthly pension benefit being funded under the Plan. Such projected monthly pension benefit shall be determined as of the later of January 1, 1989 and the January 1 as of which an Employee becomes a Participant, and shall be adjusted as of each January 1 thereafter. The amount shall be determined in accordance with Section 3.2 based on the number of years of Credited Service the Participant would have completed if he/she remained in active Employment until the Participant's Normal Retirement Date and the assumption that the Participant's Annual Compensation as of the January 1 determination date remain constant until the Participant's Normal Retirement Date.

(b) If a terminated or retired Participant who retains the right to a Vested Benefit under the Plan dies before the date payment of his/her pension benefit commences, the death benefit shall be the amount provided by the Actuarial Equivalent of the Participant's Vested Benefit.

Notwithstanding anything contained herein to the contrary, if a Participant who has made Mandatory Contributions under the Plan, and has not received a return of such contributions, dies before the date payment of the Participant's pension benefit commences, the death benefit payable under the Plan shall in no event be less than an amount equal to the Actuarial Equivalent of the Participant's Mandatory Contributions with Credited Interest as of the date of the Participant's death.

8.2 Qualified Election of Beneficiary Other than Spouse for Death Benefit Provided under Section 8.1. A Participant may make a qualified election in accordance with this Section to designate a Beneficiary other than his/her Spouse to receive all or part of the death benefit payable under Section 8.1, by delivering to the Trustees his/her written election and designation of Beneficiary, consented to by the Participant's Spouse as described below. The

Spouse's consent to such a designation must be in writing and must acknowledge the effect of the Participant's election, must be witnessed by a Plan representative or notary public, and shall be irrevocable with respect to such waiver. Notwithstanding this consent requirement, if the Participant establishes to the satisfaction of a Plan representative that such written consent may not be obtained because there is no Spouse, or the Spouse cannot be located, a waiver will be deemed a qualified election. Any consent necessary under this provision will be valid only with respect to the Spouse who signs the consent, or in the event of a deemed qualified election, the designated Spouse. Additionally, a revocation of a prior designation may be made by a Participant without the consent of the Spouse at any time before the commencement of benefits. The number of revocations shall not be limited.

8.3 Notice Requirements. The Trustees shall provide each Participant with a written explanation of: (i) the terms and conditions of the pre-retirement death benefit, (ii) the Participant's right to make, and the effect of, an election to designate another Beneficiary to receive the death Benefit payable under Section 8.1; and, (iii) the rights of the Participant's Spouse.

8.4 Distribution of Pre-retirement Death Benefit. Upon the death of any Participant, the Trustees shall perform all necessary duties to ensure that the Participant's Spouse or designated Beneficiary shall receive the amount payable as a death benefit in accordance with the terms of the Plan. The Spouse or Beneficiary may elect to have the death benefit paid under one of the optional forms described in Section 6.3, or paid in a lump sum.

8.5 Beneficiary Designation. Each Participant shall be given the opportunity to designate his/her Beneficiary/ies to receive the death benefits under the Plan. The Participant may, from time to time, file with the Employer a new or revised designation in such form as the Employer shall provide.

ARTICLE IX
TERMINATION OF EMPLOYMENT

SECTION

9.1 Rights Upon Termination of Employment. If the Employment of a Participant is terminated except by retirement, disability or death, his/her interest and rights under this Plan shall be limited to those contained in the following Sections of this Article and shall be calculated based on the benefit provisions in place at the date of termination.

9.2 Termination Benefit For Certain Participants Not Required to Make Mandatory Contributions. Subject to the provisions of Article IV, any Participant employed as a part-time firefighter who has completed 10 years of Credited Service on his/her Termination Date, shall be entitled to a pension benefit on the Normal Form commencing on the Participant’s Normal Retirement Date equal to the Participant’s Accrued Benefit. Alternatively, any participant who has completed one (1) or more years of Credited Service and who is promoted to full-time Employment within the fire department, or who was working as a full-time Employee as of January 1, 1997, shall be entitled to receive a pension benefit on the

Normal Form commencing on the Participant's Normal Retirement Date equal to the Participant's Accrued Benefit as of the date of the Participant's promotion or as of January 1, 1997 if he/she was already employed full-time in the fire department as of that date; provided, however, the participant must complete a total of ten (10) or more years of combined Credited Service as either a full-time and/or part-time Employee.

9.3 Termination Benefit For Participants Required to Make Mandatory Contributions. Any Participant who is required under Article X to make Mandatory Contributions to the Plan and who has not completed 5 years of Credited Service on the Participant's Termination Date shall be entitled to receive a lump sum cash payment equal to the Participant's Mandatory Contributions with Credited Interest as of the date of such payment.

Any Participant who has made Mandatory Contributions to the Plan and who has completed 5 or more years of Credited Service on the Participant's Termination Date shall be entitled to elect either Option 1 or Option 2 as described below; provided, however, that

(a) If the Participant is married at the time of election, Option 1 may be elected only with the Spouse's written consent, witnessed by a Plan representative or notary public, following the procedures and form of consent described and established under Section 4.2, and

(b) Option 2 shall automatically be considered as having been elected by the Participant unless Option 1 is elected before the Participant's Normal Retirement Date.

Option 1

(a) A lump sum cash payment equal to the Participant's Mandatory Contributions with Credited Interest as of the date of such payment, plus

(b) Subject to the provisions of Article IV, a monthly amount of pension benefit on the Normal Form commencing on the Participant's Normal Retirement Date, in an amount equal to the excess of (i) over (ii), multiplied by (iii):

(i) A monthly amount of pension equal to the Participant's Accrued Benefit, less

(ii) An amount of pension equal to 1/12 of 10% of the sum of the Participant's Mandatory Contributions with interest compounded annually at the rate of 6% from the date of Participant begins to make such contributions to the Participant's Normal Retirement Date.

(iii) The percentage determined in accordance with the following schedule based on the Participant's years of Credited Service:

Number of Years of Credited Service	Percentage
5 but less than 6	50%
6 but less than 7	60%
7 but less than 8	70%
8 but less than 9	80%
9 but less than 10	90%
10 and over	100%

Option 2

A monthly amount of pension benefit on the Normal Form commencing on the Participant's Normal Retirement Date in an amount equal to the sum of item (b) in Option 1 and amount (ii) of item (b) in Option 1.

9.4 Reserved.

9.5 Payment of Termination Benefit. A terminated Participant's pension benefit payments shall commence at the Participant's Normal Retirement Date; provided, however, that he/she may elect in writing on a form approved by the Trustees to have reduced payments commence prior to the Participant's Normal Retirement Date but in no event prior to the first day of the calendar month coincident with or next following the Participant's Early Retirement Date. If such pension commences before the Participant's Normal Retirement Date, the amount of such pension shall be the Actuarial Equivalent of the Participant's Accrued Benefit reduced ½% for each month prior to age 55. Except as otherwise provided in Article IV, such pension shall be payable on the Normal Form.

9.6 Re-employment Before or After Commencement of Benefits. If a Participant entitled to a pension benefit under Section 9.2 or 9.3 is reemployed by the Employer prior to receiving any benefit payments, he/she shall not participate herein upon his/her re-employment. The pension benefit to which such Participant shall be entitled upon his/her benefit commencement date shall be redetermined in accordance with the Plan; provided, however, that such benefit shall be based upon the periods of the Participant's Credited Service prior to the Participant's Termination Date.

9.7 Forfeitures. Upon a Participant's Termination Date, the value of any forfeitable Accrued Benefit shall be forfeited by the Participant as of the Termination Date. The value of such Forfeitures shall be used to reduce the Employer's future contributions under the Plan. No Forfeitures under the Plan shall be applied to increase the benefits that any Participant or Beneficiary would otherwise receive at any time prior to the time when the Plan may be terminated. If a Participant whose Employment has terminated does not retain a Vested Benefit under the Plan, he/she shall no longer be a Participant or retain or earn Credited Service under the Plan unless and until he/she again becomes an Employee.

ARTICLE X
CONTRIBUTIONS

SECTION

10.1 Mandatory Participant Contributions. Effective as of the date specified in attached appendices A, B, C, D, E, F, G and H, and as a condition of Employment with the City, each Participant shall contribute the specified percentage of the Participant's Annual Compensation towards the cost of the Participant's pension benefit.

Such amount shall be required of each Participant as a condition of Employment and shall be deducted from each payment of Compensation made to the Participant, commencing with the first such payment made after the Participant's date of hire hereunder and continuing until the Participant's Retirement Date, Termination Date, disability, death or termination of the Plan. A Participant is required to continue Mandatory Contributions mandated by this Section 10.1 while he/she is in active Employment.

All Mandatory Contributions shall be made by payroll deductions and shall be paid over to the Trustees by the Employer no less frequently than once every thirty (30) days.

10.2 Employer Contributions. The Employer shall pay the balance of the cost of providing the benefits of the Plan for Participants required to make Mandatory Contributions pursuant to Section 10.1. The Employer shall pay the entire cost of providing the benefits of the Plan for a Participant employed as a part-time firefighter. No contributions shall be required or permitted of such Participants. The required annual contributions of the Employer shall be held and administered in Trust by the Trustees in accordance with terms of this Trust Agreement and shall be in amounts actuarially determined to be necessary to fund the pension benefits provided for Participants.

10.3 Employer Pick-Up Contributions. Employee contributions to the Plan shall be paid by the City of Auburn Hills in lieu of contributions by the Employees. The terms and conditions of such contributions shall be in accordance with Internal Revenue Code Section 414(h)(2) and related Treasury Regulations and applicable law as provided in Appendix 1.

10.4 Actuarial Valuation of Plan. Annually, or more frequently, the Trustees shall obtain from an Enrolled Actuary, actuarial computations as to the contributions necessary to fund the benefits provided by the Plan on a reasonable basis in accordance with any applicable regulations, and such Enrolled Actuary shall certify such amounts to the Employer.

10.5 Reserved.

10.6 Forfeitures. Actuarial gains arising from any Forfeiture of a Participant's interest in the Participant's Accrued Benefit because of death, termination of Employment or any other reason shall be applied to reduce the amount of Employer Contributions and not to increase the benefits otherwise payable to a participant or Beneficiary under the Plan.

10.7 Reserved.

10.8 Trustees Expenses. The Employer or the Plan shall pay the reasonable expenses of the Trustees, including any expenses for legal and actuarial services.

10.9 Reserved.

10.10 Plan Assets for Exclusive Benefit of Participants. Except as provided in Sections 10.13 and 13.3, all Employer Contributions when made to the Trust and all property of the Plan including income from investments and all other sources shall be retained for the exclusive benefit of Participants, Spouses or their Beneficiaries and shall be used to pay benefits provided hereunder or to pay expenses of administration of the Plan and the Trust to the extent not paid by the Employer.

10.11 Trustees to Manage Plan Assets. The Board of Trustees shall, subject to Articles XI and XII, have sole authority with respect to the management of the assets of the Plan.

10.12 Timing; Amount of Employer Contributions. The timing and amount of all contributions shall be made in accordance with applicable law.

10.13 Return of Employer Contributions. Once contributions are made to the Trust by the Employer on behalf of the Participants, they are not refundable to the Employer unless the contribution was made by reason of a mistake of fact. Contributions made by reason of a mistake of fact shall be returned within one (1) year from the date the contribution was made to the Trust.

ARTICLE XI
RESERVED

ARTICLE XII
THE TRUSTEES

SECTION

12.1 Board of Trustees; Authority. The Board of Trustees is vested with the authority and fiduciary responsibility for the administration, management, and operation of the Plan.

12.2 Board of Trustees; composition. The Board of Trustees shall be a quasi-judicial body consisting of Trustees as follows:

(1) The Mayor of the City;
(2) The Mayor Pro-Tem of the City;
(3) The City Manager;
(4) The City Clerk;

(5) The City Finance Officer;

(6) Two (2) public safety members of the Plan to be elected by the sworn police members and fire members of the Plan; provided the two members shall not be from the same public safety group ;

(7) A public service member of the Plan to be elected by the public service members from their own number. "Public service" as used herein shall include water, sewer, roads, facilities and grounds, and inspection and code enforcement employees of the City and not include clerical and technical departments or positions;

(8) A clerical or technical member of the Plan to be elected by the clerical or technical members from their own number. "Clerical or technical" as used herein shall include all accounting, assessing and non-public service employees of the City and not include supervisors, managers, administrative assistants, and public service departments or positions.

The election of the Trustees provided for in paragraphs (6), (7) and (8) of this section shall be conducted according to such rules and regulations as the Board shall adopt to govern such elections. The regular term of office of the Trustees provided for in paragraphs (6), (7) and (8) of this chapter shall be six years. An Employee representative trustee shall continue to serve upon expiration of their term until a successor is elected.

12.3 Board of Trustees; term, compensation. The members of the Board of Trustees shall continue in their respective offices as members of the Board of Trustees, until the expiration of the terms of office to which they were severally elected or appointed. The Trustees shall serve without additional compensation for their services as Trustees; however, Trustees shall not suffer a loss because of absence from regular City Employment, and shall be reimbursed for all actual necessary expense incurred in performance of duties. The expenses incurred by the Trustees in the performance of their duties shall be approved by the Board and paid by the Trust Fund except to the extent paid by the Employer.

12.4 Board of Trustees; Officers; Services. The Board of Trustees shall elect from its membership a Chairperson and a Vice Chairperson. The Chairperson shall preside over the meetings of the Board of Trustees. If the Chairperson is unable to preside over a meeting, the Vice Chairperson shall preside over that meeting.

(a) The City Clerk shall be the Secretary to the Plan.

(b) The Finance Officer shall be the Treasurer of the Plan. The Treasurer shall be custodian of the assets of the Plan except as to such assets as the Board of Trustees shall from time to time place in the custody of a nationally chartered bank or trust company selected by the Board of Trustees.

(c) The Board of Trustees shall appoint as the legal advisor an attorney who is not eligible to participate in the Plan as a member, retired member, or Beneficiary.

(d) The Board of Trustees shall appoint as the Medical Director a physician who is not eligible to participate in the Plan as a member, retired member or Beneficiary. The Medical Director shall conduct or oversee all required medical examinations and shall investigate all statements and certificates of a medical nature which are presented to the Board of Trustees. The conclusions and recommendations of the Medical Director shall be presented to the Board of Trustees in writing.

(e) The Board of Trustees shall appoint an actuary who shall advise the Board on the actuarial operation of the Plan. Actuary shall mean a member of the American Academy of Actuaries or an individual who has demonstrated the educational background necessary to effectively render actuarial advice to the Plan and who has at least 5 years of relevant pension actuarial experience. A partnership or corporation may be designated as Actuary if the duties of Actuary are performed by or under the direct supervision of an individual who meets the preceding requirements.

(f) The Board of Trustees is authorized and empowered to employ such professional and other services as it requires for the proper discharge of its responsibilities.

12.5 Board of Trustees; oath required. Each trustee shall within ten days after election or appointment to the Board take an oath of office to be administered by the City Clerk.

12.6 Board of Trustees; vacancies in office. In the event any trustee shall cease to be an officer or Employee of the City, or should any Employee representative fail to attend scheduled meetings of the Board for three consecutive meetings, unless in each case excused for cause by the remaining members of the Board attending such meeting, he/she shall be considered to have resigned from the Board and the Board shall by resolution declare his/her office vacated as of the date of adoption of such resolution. Any vacancy occurring in the office of trustee shall be filled within ninety days after the date of the vacancy, for the unexpired term, in the same manner as the office was previously filled.

12.7 Board of Trustees; meetings; procedure; record required. The Board of Trustees shall hold meetings regularly, at least one in each calendar quarter, and shall designate the time and place of each meeting. All meetings of the Board of Trustees shall be public and shall be held subject to the provisions of the Open Meetings Act. Notice of the meetings shall be posted in City Hall prior to the meeting date. Five Trustees shall constitute a quorum at any meeting of the Board of Trustees. Each trustee shall be entitled to one vote on each question before the Board of Trustees. At least five concurring votes shall be required for a valid action by the Board of Trustees at a meeting. The Board of Trustees shall adopt its own rules of procedures and shall keep a written record of its proceedings.

12.8 Benefit Claims Procedure. Any person who claims entitlement to a benefit under the Plan shall have the right to file with the Trustees a written notice of claim for such benefit. The Trustees in their discretion, may request a meeting with the claimant to clarify any matters deemed pertinent. Within 90 days after receipt of such written notice of claim, the Trustees shall either grant or deny such claim. In the event such claim is denied, the Trustees shall give written notice to the claimant that describes:

(a) The specific reasons for the denial;

(b) Specific reference to the pertinent Plan provisions on which the denial is based;

(c) A description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and

(d) An explanation of the Plan's claim review procedure.

Each claimant shall have the right to appeal the denial of his/her claim to the Trustees for a full and fair review at any time within 60 days after the claimant's receipt of the written notice of such denial. The Trustees shall thereby afford the claimant or his/her duly authorized representative the opportunity: (1) to review documents pertinent to the claim; (2) to submit issues and comments in writing; and, (3) to discuss such documents and issues with the Trustees. The final decision of the Trustees shall be made in writing stating the specific reasons for the decision, and shall be issued no later than 60 days after receipt of the claimant's request for review.

12.9 Records; Reports. The Trustees shall keep a record of all proceedings, acts and transactions and shall keep all such records as may be necessary for the proper administration of the Plan. At the request of the City Council, the Board shall submit to the Council a report showing the fiscal transactions for the Plan for the preceding fiscal year, or such additional information regarding the operation of the Plan as the Council may request from time to time.

12.10 Board of Trustees; Investment of Trust Assets. All assets of the Plan shall be held and invested for the sole purpose of meeting the legitimate obligations of the Plan and shall be used for no other purpose. The Board of Trustees has the authority and power to invest and re-invest the assets of the Plan subject to all terms, conditions, limitations and restrictions imposed by the State of Michigan on the investments of public employee retirement systems. The Board of Trustees may employ investment counsel to advise it in the making and disposition of investments.

12.11 Board of Trustees; Fiduciary Duty. In exercising its discretionary authority with respect to the management of the monies and assets of the Plan, the Board of Trustees shall exercise the care, skill, prudence, and diligence under the circumstances then prevailing, that an individual of prudence acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and similar objectives.

All assets of the Plan shall be held and invested for the sole purpose of meeting the legitimate obligations of the Plan and shall be used for no other purpose. Members of the Board and its representatives are prohibited from:

(a) having a beneficial interest, direct or indirect, in an investment of the Plan;

(b) borrowing money or assets of the Plan; or,

(c) receiving any pay or payment from any individual or organization providing services to the Plan, other than compensation for personal services or reimbursement of authorized expenses paid by the Plan.

NOTHING CONTAINED HEREIN SHALL BE CONSTRUED TO IMPAIR THE RIGHTS OF ANY PARTICIPANT OR BENEFICIARY OF THE PLAN TO BENEFITS PROVIDED BY THE PLAN.

ARTICLE XIII
AMENDMENT AND TERMINATION OF THE PLAN AND TRUST

SECTION

13.1 Amendment of Plan. The Employer, without the consent of any Participant, may amend this Plan at any time and from time to time by an instrument in writing executed in its name by an officer or officers duly authorized by the City Council to execute such instrument, and to deliver such amendment to the Trustees; provided, however, that:

(a) no amendment shall provide for the use of funds or assets held under this Plan other than for the benefit of Employees, and no contributions paid by the Employer shall ever revert to or be used or enjoyed by the Employer, except as provided in Sections 10.13 and 13.3;

(b) no amendment to the Plan shall have the effect of decreasing a Participant's Accrued Benefit;

(c) no amendment shall effect any discrimination between Participants;

(d) such amendment is adopted in accordance with the Public Employment Relations Act, Public Act No. 336 of 1947; and,

(e) such amendment is adopted in accordance with Public Act No. 728 of 2002.

Any such amendment shall be evidenced by a written instrument and upon delivery to the Trustees of such instrument, accompanied by a duly certified copy of the resolution of the City Council authorizing such amendment, this Plan shall be deemed to have been amended in the manner and to the extent therein set forth.

13.2 Retroactive Amendment. Notwithstanding the foregoing, however, any modification or amendment of the Plan and Trust may be made retroactively, if necessary or appropriate to qualify or maintain the Plan as a plan meeting the requirements of the Code or any other provisions of the law, as now in effect or hereafter amended or adopted, and any regulation issued thereunder.

13.3 Termination of Plan. Subject to Section 13.1, the Employer, may terminate this Trust as to its Employees at any time by an instrument in writing executed in the name of the Employer by an officer or officers duly authorized to execute such an instrument, and delivered to the Trustees. In such event, the Trustees shall take the necessary steps to have all funds held by the Trustees, to the extent that such funds are sufficient after providing for expenses of administration, applied to the purchase of immediate or deferred annuities as the case may be, in an order of priority established by the Trustees at such time and after obtaining approval of such order from the appropriate governmental agency or agencies. After all liabilities of the Plan have been satisfied, the Employer shall be entitled to any balance of the funds which shall remain.

ARTICLE XIV
MISCELLANEOUS PROVISIONS

SECTION

14.1 Plan For Exclusive Benefit of Employees. The Plan and Trust is created for the exclusive benefit of Employees, their Spouses and their Beneficiaries and shall be interpreted in a manner consistent with it being a qualified Trust as defined in Section 401(a) of the Code.

14.2 Reserved.

14.3 Information Furnished by Participants. Participants shall furnish promptly to the Trustees such information as the Trustees reasonably consider necessary or desirable for the purpose of administering the Plan and Trust. If such information is not submitted or shows that such information previously has been misstated on the records of the Trust, the Trustees will make such corrections and adjustments in accordance with the available facts as they consider appropriate.

14.4 Employer Records to be Conclusive. The regularly kept records of the Employer shall be conclusive and binding upon all persons with respect to the nature and length of Employment, the type and amount of compensation paid and the manner of payment thereof, the type and length of absence from work and all other matters contained therein relating to Employees.

Each person entitled to benefits hereunder shall file with the Trustees, from time to time in writing, his complete mailing address and each change of mailing address. Any check representing payment hereunder and any communication addressed to a Participant or to any other person at this last address so filed (or if no such address has been filed, then at his last address indicated on the records of the Employer) shall be deemed to have been received by such person for all purposes of the Plan, and neither the Trustees, nor the Employer shall be obliged to search for or ascertain the location of any such person.

14.5 Plan Not Contract of Employment. The Plan and Trust shall not be construed as creating any contract of Employment between the Employer and any of its Employees.

14.6 Governing Law. The Plan and Trust shall be construed pursuant to the laws of the State where it is made and where it is to be enforced, which State is Michigan. The Board shall administer this pension Trust Fund consistent with the Trust Fund provisions, Article 9, Section 24 of the State of Michigan Constitution and other applicable law. The Board shall have the fiduciary obligations, limitations, and authority as provided by Public Act 314 of 1965 of the State Statutes, as amended. The Board shall administer this pension Trust in accordance with applicable collective bargaining agreements provided that any increase in pension benefits, provided by collective bargaining agreement or otherwise, shall be funded, and provided further that the assets of the pension Trust Funds representing current service funding shall not be used to fund such increase in benefits.

14.7 Usage. Wherever used in this instrument, the masculine gender shall include the feminine gender and the singular shall include the plural.

14.8 Small Payments. If at any time on or after a Participant's termination of Employment it is determined that the present value of his/her Vested Benefit does not exceed $5,000, the Trustees shall, as soon as administratively feasible, and before the date benefit payments would otherwise commence, pay the Actuarial Equivalent present value of the Participant's Vested Benefit in a lump sum to the Participant or other designated payee, in lieu of any benefit which might otherwise be payable.

14.9 Separability. In case any provision of the Plan and Trust shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of the Plan and Trust, and the Plan and Trust shall be construed and enforced as if such illegal or invalid provisions had never been inserted herein.

14.10 Misstatement of Age and Other Facts. If it shall be found that the status of any Participant with respect to either the Participant’s Employment or the Participant’s Participation under the Plan, the age or sex of a Participant, Spouse, Beneficiary or contingent annuitant or any relevant fact with respect to a Participant, Spouse, Beneficiary or contingent annuitant has been misstated, the amount of benefit shall be adjusted to what would have been payable on the basis of the correct information.

14.11 Incompetency of Benefit Recipient. If a Participant, Spouse, Beneficiary or contingent annuitant entitled to receive any benefits hereunder, is a minor or is deemed by the Trustees or is adjudged to be legally incapable of giving a valid receipt and discharge for such benefits, they will be paid to such persons as the Trustees might designate or to the duly appointed guardian. Such payment shall, to the extent made, be deemed a complete discharge of any liability for such payment under the Plan and Trust.

14.12 Non-Assignment of Benefits. Except as provided by Public Act 100 of 2002, as amended, no payee shall have any right to assign, alienate, anticipate or commute any payments hereunder; and, except as otherwise prescribed by law, no payments shall be subject to the debts, contracts or engagements of any payee, nor to any judicial process to levy upon or attach the same for the payment thereof.

14.13 Parties to Plan Agree to Perform Necessary Acts. All parties to the Plan or this Trust and all persons claiming any interest whatsoever under the same agree to perform any and all acts and execute any and all documents and papers which may be necessary or desirable for carrying out the provisions of the Plan and this Trust.

14.14 Trust Agreement to be Binding Upon All Parties. This Trust Agreement shall be binding upon the parties hereto, their successors and assigns, and upon the Participants under the Plan and their heirs, executors, administrators and assigns.

14.15 Captions. The captions contained herein and the table of contents prefixed hereto are inserted only as a matter of convenience and for reference and in no way define, limit, enlarge or describe the scope or intent of the Plan and Trust nor in any way shall affect the Plan and Trust or the construction of any provision thereof.

APPENDIX A

Administration Employees

Section 1.25 "Normal Retirement Age" shall mean in the case of a Participant who is employed as an administration employee, the later of his/her 55th birthday and his/her completion of 10 years of Credited Service. A Participant with 10 years of service may retire early at age 50 with a reduction of calculated benefit of ½% for each month prior to age 55.

Section 3.2 Normal Retirement Pension

(a) For a participant employed as an administration employee, 2.65% of his/her Final Average Compensation multiplied by his/her years of Credited Service up to a maximum of 80% of Final Average Compensation.

Section 3.3. The annual 5% non-compounding retirement benefit increase shall be for a period of fifteen (15) years beginning March 17, 2003 after the later of retirement or age 55.

Section 10.1 Mandatory Participant Contributions

Effective Date	Percentage
January 1, 1998	4.0%
April 1, 2002	5.0%

APPENDIX B

A.F.S.C.M.E. Members

Section 1.25 "Normal Retirement Age" shall mean in the case of a Participant who is employed as an A.F.S.C.M.E. Member, the later of his/her 55th birthday and his/her completion of 10 years of Credited Service or at age 50 with 28 years of service. A Participant with 5, but less than 28, years of service may retire early at age 50 with a reduction of calculated benefit of ½% for each month prior to age 55.

Section 1.4 "Compensation" shall include base pay plus overtime, and shall not include sick bank pay off or other payments of any kind.

Section 3.2 Normal Retirement Pension

2.65% of his/her best three (3) of the last five (5) year income average of credited compensation multiplied by his/her years of Credited Service up to a maximum of 30.25 such years. A Participant's annual pension benefit shall not exceed 80% of Final Average Compensation.

Section 3.3. The annual 5% non-compounding retirement benefit increase shall be for a period of fifteen (15) years beginning November 16, 2004 payable to each retiree who has attained age 55 with 10 years of service for normal retirements. Such benefit increases shall become effective on the first of the year following the date of retirement for normal retirements. Such benefit increases shall become effective upon attainment of age 55 for early retirements.

Section 10.1 Mandatory Participant Contributions

Effective Date	Percentage
January 1, 1998	4.0%
January 1, 2002	5.0%

APPENDIX C

Police Officers

Section 1.25 "Normal Retirement Age" shall mean in the case of a Participant who is employed as a police officer as the age at which the Participant attains 25 years of service or his/her attainment of age 50 with 15 years of Credited Service. A Participant with 10 years of service may retire early at age 50 with a reduction of calculated benefit of ½% for each month prior to age 55.

Section 3.2 Normal Retirement Pension. For a Participant employed as a police officer, 2.8% of his/her Final Average Compensation for the first 25 years of Credited Service and 1% thereafter, not to exceed 80% of Employee's highest 5 consecutive year average, multiplied by his/her years of Credited Service.

Section 3.3. The annual 5% non-compounding retirement benefit increase shall be for a period of fifteen (15) years beginning at Normal Retirement Age.

Section 10.1 Mandatory Participant Contributions.

Type of Employee	Effective Date	Percentage
Police Officer	January 1, 1997	2.0%
	January 1, 2001	4.0%
	January 1, 2003	5.0%
	January 1, 2004	6.0%
	January 1, 2005	6.0%

APPENDIX D

POLC Sergeants, Lieutenants and Communication Supervisors

Section 1.25 "Normal Retirement Age" shall mean in the case of a Participant who is employed as a Police Command Officer as age 50 with 15 years of Credited Service. A Participant with 5 years of service may retire early at age 50 with a reduction of calculated benefit of ½% for each month prior to age 55.

Section 3.2 Normal Retirement Pension. For a Participant employed as a Police Command Officer, 2.8% of his/her Final Average Compensation not to exceed 80% of Employee's highest 5 consecutive year average, multiplied by his/her years of Credited Service.

Section 3.3. The annual 5% non-compounding retirement benefit increase shall be for a period of fifteen (15) years beginning July 22, 2004. For Normal Retirements, such benefit increases shall become payable upon retirement. For Early Retirements, such benefit increases shall become payable upon attainment of age 55.

Section 10.1 Mandatory Participant Contributions

Type of Employee	Effective Date	Percentage
Police Command Officer	January 1, 1997	2.0%
	January 1, 2001	4.0%
	July 1, 2004	5.0%

APPENDIX E

POLC - Detectives

Section 1.25 "Normal Retirement Age" shall mean in the case of a Participant who is employed as a Detective Officer as age 50 with 15 years of Credited Service. A Participant with 5 years of service may retire early at age 50 with a reduction of calculated benefit of ½% for each month prior to age 55.

Section 3.2 Normal Retirement Pension. For a Participant employed as a Detective Officer, 2.8% of his/her Final Average Compensation not to exceed 80% of Employee's highest 5 consecutive year average, multiplied by his/her years of Credited Service.

Section 3.3. The annual non-compounding 5% retirement benefit increase shall be for a period of fifteen (15) years beginning July 22, 2004. For Normal retirements, such benefit increases shall become payable upon retirement. For Early retirements, such benefit increases shall become payable upon attainment of age 55.

Section 10.1 Mandatory Participant Contributions.

Type of Employee	Effective Date	Percentage
Police Detective	January 1, 1997	2.0%
	January 1, 2001	4.0%
	July 1, 2004	5.0%

APPENDIX F

Police Service Officers

Section 1.25 "Normal Retirement Age" shall mean in the case of a Participant who is employed as a Police Service Officer as age 55 with 15 years of Credited Service. A Participant with 10 years of service may retire early at age 50 with a reduction of calculated benefit of ½% for each month prior to age 55.

Section 3.2 Normal Retirement Pension. For a Participant employed as a Police Service Officer, 2.65% of his/her Final Average Compensation multiplied by his/her years of Credited Service. Such Credited Service shall not exceed 34 years.

Section 3.3. The annual 5% non-compounding retirement benefit increase shall be for a period of fifteen (15) years. Such benefit increase shall become payable beginning at Retirement Date or attainment of age 55, whichever is later.

Section 10.1 Mandatory Participant Contributions

Type of Employee	Effective Date	Percentage
Police Service Officer	November 1, 1989	5.0%

APPENDIX G

IAFF Members

APPENDIX H

Part-time Firefighters

APPENDIX 1

Internal Revenue Code Qualifications

The Plan is intended and has been administered to be a Qualified Pension Plan under §401 of the Internal Revenue Code, as amended ("IRC" or "Code"), or successor provisions of law, including the Tax Reform Act of 1986 (TRA '86); The Technical and Miscellaneous Revenue Act OF 1988 (TAMRA); The Unemployment Compensation Amendments of 1992 (UCA); The Omnibus Budge Reconciliation Act of 1993 (OBRA); The Uniformed Service Employment and Reemployment Rights Act of 1994 (USERRA); The Uruguay Round Agreements Act of 1994 (GATT); The Small Business Job Protection Act of 1996 (SBJPA '96); The Taxpayer Relief Act of 1997 (TRA '97); The Internal Revenue Service Restructuring and Reform Act of 1998 (RRA '98); The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), and other applicable laws, regulations and administrative authority. The Plan is a governmental plan under IRS §414(D) and is administered for the exclusive benefit of the Plans's Participants and their Beneficiaries. The Plan's Trust is an exempt organization under IRC §501. The Plan shall be administered as a qualified plan consistent with the provisions herein, as amended by Exhibit E, and the Board of Trustees may adopt such additional provisions to the Plan as are necessary to fulfill this intent

Limitations on Benefits and Contributions.

Section 1. The amount of annual benefits and contributions credited a member in any given year shall be subject to the following limitations.

(a) Defined Benefit Plans. The maximum permissible annual pension benefit with respect to any Member shall be in accordance with IRC §415(B) which provides that such annual pension benefit shall not exceed $90,000, as adjusted for inflation, which for 2004 is $165,000 (The "Dollar Limit").

(i) Special Dollar Limitations. If the benefit is payable prior to age 62, the Dollar Limitation shall be reduced to the Actuarial Equivalent of a benefit commencing at age 62. In the case of any full-time Police or Fire Employee who is a Qualified Participant as defined in IRC §415(B)(2)(G), there is no reduction in the Dollar Limitation. If the benefit is not payable until after age 65, the Dollar Limitation shall be increased to the Actuarial Equivalent of a benefit commencing at age 65.

(ii) In the case of an Employee who has less than ten (10) years of Participation in the Plan, the Dollar Limitation shall be reduced 1/10 for each year of Participation in accordance with IRC §415(B)(5).

(b) Defined Contribution Plans.

(i) For Limitation Years beginning after December 31, 1986 the term "Annual Addition" means, for purposes of this Section, the sum, credited to a Participant's account for any Limitation Year, of:

(A) Employer Contributions;
(B) Employee Contributions, and
(C) Forfeitures.

(ii) Annual additions that may be contributed or allocated to a Participant's account for a Limitation Year will not exceed the lesser of:

(A) 100% percent of Participant's Compensation, within the meaning of IRC §415(C)(3), or

(B) $40,000, as adjusted for increases in the cost of living pursuant to IRC §415(D).

(iii) Valuation of investments. Investments of the Plan shall be valued as of the last day of each Plan Year in accordance with the methods consistently followed and uniformly applied to determine fair market value and in accordance with the requirements of Revenue Ruling 80-155. Contributions to the Plan, along with earnings thereon, shall be distributed in accordance with the terms of the Plan.

(c) Excess Benefit Payment. The Plan shall not pay any benefit that would exceed the benefit limitations for Governmental Plans as set forth in IRC §415 and regulations, as amended.

(d) Compensation. As defined by IRC §415(C)(3)(D) and Treas. Reg. §1.415-2(D)(2)(I), compensation means amounts actually paid to the Employee during the Limitation Year, including: wages, salary, professional fees, percentage of profits, commissions, tips and bonuses paid or made available to the Member during the Limitation Year for personal services actually rendered in the course of Employment, any elective deferral, and any amount which is contributed or deferred by the Employer at the election of the Employee and which is not includible in the Gross Income of the Employee by reason of IRC §§125, 132(F), or 457.

(e) Employee Contributions to the Plan shall be paid by the City of Auburn Hills in lieu of contributions by the Employees. The terms and conditions of such contributions shall be in accordance with Internal Revenue Code Section 414(H)(2) and related Treasury Regulations and applicable law.

Upon implementation, the Employer shall, solely for the purpose of compliance with Section 414(H) of the Internal Revenue Code, pick up, for the purposes specified in that section, a percentage of required Employee contributions for all salary earned by the Employee after implementation. The provisions of this Section are mandatory, and the Employee shall have no option concerning the pick up or to receive the contributed amount directly instead of having such amount paid by the Employer to the Plan. Implementation of the Pick-Up Provision occurs upon authorization by the Plan. In no event may implementation occur other than at the beginning of a Pay Period.

Employee contributions picked-up shall be treated as Employer Contributions for purposes of determining income tax obligations under the Internal Revenue Code; however, such picked up Employee Contributions shall be included in the determination of the Employee's Gross Annual Salary for all other purposes under Federal and State laws. Employees' contributions picked up under this Section shall continue to be designated Employee Contributions for all purposes of the Plan and shall be considered part of the Employee's salary for purposes of determining the amount of the Employee's contribution.

Distributions.

Section 2. Distributions from the Plan will comply with the requirements of Code §401(A)(9) and the regulations thereunder. A Member's interest in the Trust must begin to be distributed by the later of (i) April 1 of the calendar year following the calendar year that the Employee attains that age of seventy and one half (70-1/2), or (ii) April 1 of the calendar year the Member retires. With respect to distributions under the Plan made for calendar years beginning on or after January 1, 2001, the Plan will apply the minimum distribution requirements of IRC §401(A)(9) in accordance with the regulations under IRC §401(A)(9) that were proposed in January 2001, notwithstanding any provision un the Plan to the contrary. This amendment shall continue in effect until the end of the last calendar year beginning before the Effective Date of final regulations under §401(A)(9) or such other date as may be specified in guidance published by the Internal Revenue Service.

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

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

3. Requirements of Treasury Regulations Incorporated. All distributions required under this Section will be determined and made in accordance with the Treasure Regulations under Section 401(A)(9) of the Internal Revenue Code.

4. TEFRA Section 242(B)(2) Elections. Notwithstanding the other provisions of this Section, other than Section 1.4, distributions may be made under a designation made before January 1, 1984, in accordance with Section 242(B)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and the provisions of the Plan that relate to Section 242(B)(2) of TEFRA.

(B) Time and Manner of Distribution.

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

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

(a) If the Participant's Surviving Spouse is the Participant's sole designated Beneficiary, then, except as provided in the Plan, 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 the Plan, 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, Section (b) will apply as if the Surviving Spouse were the Participant;

For purposes of the Section (b)2 and Section (d), distributions are considered to begin on the Participant's required beginning date (or, if Section (B)(2)(d) applies, the date distributions are required to begin to the Surviving Spouse under Section (B)(2)(a). If annuity payments irrevocably commence to the Participant before the Participant's required beginning date (or to the Participant's Surviving Spouse before the date distributions are required to begin to the Surviving Spouse under Section (B)(2)(A)), the date distributions are considered to begin is the date distributions actually commence.

3. Form of Distribution. Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with Sections (C) and (D) of this Section. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Section 401(A)(9) of the Code and the Treasure Regulations. Any part of the Participant's interest which is in the form of an individual account described in Section 414(K) of the Code will be distributed in a manner satisfying the requirements of Section 401(A)(9) of the Code and the Treasure Regulations that apply to Individual Accounts.

(C) Determination of Amount to be Distributed Each Year.

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

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

(b) The distribution period will be over a life (or lives) or over a period certain not longer than the period described in Section (D);

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

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

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

(D) Requirements for Minimum Distributions where Participant Dies Before Date Distributions Begin.

1. Participant Survived by Designated Beneficiary. Except as provided in the adoption agreement, if the Participant dies before the date distribution of his of her interest begins and there is a Designated Beneficiary, the Participant's entire interest will be distributed, beginning no later than the time described in Sections (B)(2)(a) OR (b), over the life of the Designated Beneficiary or over a period certain not exceeding:

(a) Unless the annuity starting date is before the first distribution calendar year, the life expectancy of the Designated Beneficiary determined using the Beneficiary's age as of the Beneficiary's birthday in the calendar year immediately following the calendar year of the Participant's death; or

(b) If the annuity starting date is before the first distribution calendar year, the life expectancy of the Designated Beneficiary determined using the Beneficiary's age as of the Beneficiary's birthday in the calendar year that contains the annuity strarting date.

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

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

(E) Definitions.

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

2. Distribution Calendar Year. A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, The first distribution Calendar Year is the calendar year immediately preceding the calendar year which contains the Participant's required beginning date. For distributions beginning after the Participant's death, the first distribution calendar year us the calendar year in which distributions are required to begin pursuant to Section 3(B)(2).

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. Required Beginning Date. The date specified in Section 3.

Eligible Rollover Distributions

Section 3. This Section applies to distributions made on or after January 1, 1993. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this Section, a Distributee may elect, at the time and in the manner prescribed by the Board, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee as a Direct Rollover. The following definitions shall apply with regard to this Section.

(A) Eligible Rollover Distribution. An Eligible Rollover Distribution is any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include: any distribution that is one of series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributte or the joint life (or joint life expectancies) of the Distributee and the Distributee's Designated Beneficiary, or for a specified period of ten years or more, and any distribution to the extent such distribution is required under IRC §401(A)(9). For purposes of the Direct Rollover Provision, 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 includibel in Gross Income. However, such portion may be paid only to an Individual Retirement Account or Annuity described in IRC §408(A) or (B), or to a Qualified Plan described in IRC §§401(A) or 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.

(B) Eligible Retirement Plan. An Eligible Retirement Plan is an Individual Retirement Account described in IRC §408(A), an Individual Retirement Annuity described in IRS §408(A), an annuity plan described in IRC §403(A), an annuity contract described in IRC §403(B), an eligible plan under IRC §457 which is maintained by a state, political subdivision of a state and which agrees to separately account for amounts transferred into such plan or a qualified trust described in IRC §401(A), that accepts the Distributee's eligible rollover distribution. The definition of eligible retirement plan shall also apply in the case of a distribution to a Surviving Spouse or to a Spouse or former Spouse who is the alternate payee under a domestic relations order.

(C) Distributee. A Distributee includes an Employee or former Employee. In addition, the Employee's or former Employee's Surviving Spouse is a Distributee with regard to the interest of the Surviving Spouse.

(D) Direct Rollover. A Direct Rollover is a payment by the Plan to the eligible retirement plan specified by the Distributee.

Maximum Annual Compensation.

Section 4. For Plan Years beginning on or after January 1, 1989 and before July 1, 1996, The Annual Compensation of each Participant taken into account for determining all benefits provided under the Plan for any determination period shall not include any amounts in excess of the Annual Compensation limit (originally $200,000) provided for in IRC §401(A)(17) prior to the Omnibus Budget Reconciliation Act of 1993 ("OBRA `93") and adjusted for inflation in the manner provided by IRC §401(A)(17). For Plan Years beginning on or after July 1, 1996, the Annual Compensation of each Employee taken into account shall not exceed the Annual Compensation limit provided for in IRC §401(A)(17), as amended by the Omnibus Budget Reconciliation Act of 1993 ("OBRA `93") ($205,000 in 2004). This limit may be adjusted as required by Federal law for Qualified Government Plans and shall be further adjusted for inflation in the manner provided by IRC §401(A)(17). Annual Compensation means compensation during the Plan Year or such other consecutive 12 month period over which compensation is otherwise determined under the Plan the cost-of-living adjustment in effect for a calendar year applies to Annual Compensation for the Determination Period that begins with or within such calendar year.

Actuarial Assumptions

Section 5. Actuarial equivalence will be determined on the basis of the interest rate and mortality tables adopted by the Board. Actuarial assumptions that will be used to determine the amount or level of any optional benefit forms will be the Actuarial Equivalent of the Normal Retirement Benefit. Optional benefits provided under the Plan shall be actuarial adjusted in relation to the straight life annuity. For purposes determining the IRC §415 limitations, the interest rate assumption will not be less than the greater of five (5%) percent or the rate specified in the Plan for determining actuarial equivalence for the particular form of Retirement Benefit. The actuarial early retirement reduction and reduction of the dollar limit if the Employee has less than ten (10) years of Participation under IRC §415 do not apply to income received as a pension or annuity as a result of an Employee's personal injury, sickness or death and shall be administered in accordance with IRC §415(B)(2), as amended.

Forfeitures.

Section 6. Upon a Member's Termination Date, the value of any forfeitable Accrued Benefit shall be forfeited by the Member as of the Termination Date. The value of such Forfeitures shall be used to reduce the Employer's future contributions under the Plan in accordance with IRC §401(A)(8). No Forfeitures under the Plan shall be applied to increase the benefits that any Member or Beneficiary would otherwise receive at any time prior to the time when the Plan may be terminated. If a Member whose Employment as terminated does not retain a Vested Benefit under the Plan, he/she shall no longer be a Member or retain or earn Credited Service under the Plan unless and until he/she again becomes an Employee.

Military Service.

Section 7. Notwithstanding any provision of the Plan to the contrary, contributions, benefits and service credit with respect to Qualified Military Service will be provided in accordance with IRC §414(U) and regulations.

Forfeitability of Accrued Benefits.

Section 8. An Employee's right to his/her Normal Retirement Benefit is nonforfeitable on the attainment of his/her Normal Retirement Age as defined in IRC §411(D)(3) and as defined and protected by Article 9 Section 24 of the State of Michigan Constitution. In the event of termination or partial termination of the Plan, a Member's interest is nonforfeitable to the extent funded in conformity with applicable sections of the Code and Regulations.

Prohibition against Reversion.

Section 9. The Plan and Trust have been created for the exclusive benefit of the Members and Beneficiaries as set forth herein. The Funds thereof have been established for the benefit of the Members and for the operation of the Plan. No part of the principal and income of any of the Funds of the Plan and Trust shall revert to or be returned to the City prior to the satisfaction of all liabilities hereunder to all Members, Beneficiaries and anyone claiming by or through them.

Vesting.

Section 10. A Member shall be 100% vested in his/her Accrued Benefit when he or she attains Normal Retirement Age in accordance with IRS §411(E) as in effect in 1974.

Actuarial Reports.

Section 11. Annually, or more frequently, the Board shall obtain actuarial computations from an Enrolled Actuary as to the contributions necessary to fund the benefits provided by the Plan on a reasonable basis in accordance with any applicable regulations, and such actuary shall certify such amounts to the Employer. Contributions accumulated under the Plan, along with the earnings thereon, will be distributed in accordance with the terms of the Plan.

Assignment of Benefits.

Section 12. None of the benefits, payments, proceeds, claims or rights of any Participant or their Beneficiary hereunder shall be subject to execution, garnishment, attachment, the operation of bankruptcy or insolvency law, or other process of law, nor shall any Participant or Beneficiary have any right to transfer, assign, encumber, or otherwise alienage, any of the benefits or proceeds which the Participant may expect to receive, contingently or otherwise under the Plan, except as provided by law under Public Act 100 of 2002, as amended.

Plan Year.

Section 13. The Plan Year shall be the 12 consecutive month period commencing on January 1 and each anniversary thereafter.

APPENDIX A

APPLICABLE ADMINISTRATION EMPLOYEES HIRED PRIOR TO APRIL 1, 1998

PENSION BENEFITS IN EFFECT AS OF JANUARY 1, 2010

The Defined Benefit Pension Plan shall continue to be provided for the employees covered by this Agreement. Details of the Plan shall be set forth in the Plan itself, which shall include the following elements.

1. Normal Retirement Age. The later of his/her 55 birthday and his/her completion of 10 years of Credited Service. A participant with 10 years of service may retire early at age 50 with a reduction of calculated benefit of 1/2 % for each month prior to age 55.
2. Normal Retirement Pension. 2.65% of his/her Average Annual final average compensation multiplied by his/her years of Credited Service up to a maximum of 80% of Final Average Compensation.
3. COLA.
   a. The amount of pension payable to each retiree whose service to the City has terminated and qualifies for normal retirement as listed above, shall be increased by 2.5% *(Effective 1/1/2010 – Non-union Benefits Resolution)* of the amount of the pension benefit which the participant is entitled to receive, when such benefit first becomes payable.
   b. The amount of Defined Benefit Pension payable to each retiree whose service to the City has terminated and qualifies for normal retirement, shall be increased by 2.5% of the amount of the pension benefit which the participant is entitled to receive, at the time such benefit first becomes payable. Each January thereafter, for a period of fifteen (15) years, the pension benefit shall be increased by that same dollar amount.
4. Mandatory Participant Contributions.

Effective Date	Percentage
February 8, 2007	6%

AMENDMENTS – RETIREMENT WINDOWS

- Retirement Window – Effective 1/5/2009 – 1/30/2009
  (Normal retirement at age 50, with Health Insurance, No COLA)
- Retirement Window – Effective 11/23/2009 – 12/31/2009
  (Waive early retirement penalty
- Retirement Window – Effective 11/23/2009 – 12/31/2009
  (City Manager to negotiate exceptions to 2010 Non-Union Personnel Benefits Resolution for employees hired prior to 1/1/2004 and retirement eligible prior to 12/31/2009)

APPENDIX B

APPLICABLE AFSCME EMPLOYEES HIRED PRIOR TO DECEMBER 31, 1997

PENSION BENEFITS IN EFFECT AS OF OCTOBER 1, 2009

The Defined Benefit Pension Plan shall continue to be provided for the employees covered by this Agreement. Details of the Plan shall be set forth in the Plan itself, which shall include the following elements.

1. Normal Retirement shall be 55 years of age and 10 years credited service.
2. Vesting shall be 50% at five (5) years and 10% per year thereafter. 100% vested at 10 years.
3. Monthly Retirement Benefit: 2.65% of the best three (3) of the last consecutive five (5) year income average of credited compensation times the total years of service, not to exceed 30.25 years of service, not to exceed 80% of FAC calculation. Credited compensation shall include base pay plus overtime, and shall not include sick bank payoff or other payments of any kind.
4. Employee contribution: 5.0% of credited compensation effective January 1, 2002, to be paid as a pre-tax employer pickup under Internal Revenue Code 414(h)(2).
5. Disability Benefit: For total and permanent disability after participants have reached the age of 40 and have 10 years of credited service.
6. Death Benefit: An amount equal to 100 times the projected monthly retirement benefit. Can be paid as a monthly income to spouse and children.
7. Early Retirement: Age 50 with at least 5 years service with a reduction of calculated benefit of 1/2% for each month prior to age 55.
8. Cost of Living: The amount of Defined Benefit Pension payable to each retiree whose service to the City has terminated and qualifies for normal retirement as defined in this contract, shall be increased by 2.5% *(Effective 10/1/2009-Labor Agrmt.)* of the amount of the pension benefit which the participant is entitled to receive, when such benefit first becomes payable. Each January 1 thereafter, the pension benefit shall be increased by the same dollar amount, beginning at retirement for a period of fifteen (15) years.

Effective on the date this contract is executed by both the Union and the employer, members of the unit may retire upon attaining age 50 and upon completion of 28 years of service. The amount of the retirement benefit shall not be subject to the reduction specified in item (g) above as it applies to the age 50 with 28 years of service provisions. The cost of living allowance described in item (h) above shall become effective on the first of the year following the date of the employee's retirement. All other retirements prior to age 55 without 28 years of service will be subject to the ½% per month reduction as defined in (g) above. If exercising this early retirement provision, then 2.5% COLA will begin at the age of 55 for a period of fifteen (15) years.

APPENDIX C
POLICE OFFICERS HIRED PRIOR TO JANUARY 1, 1997
PENSION BENEFITS IN EFFECT AS OF JANUARY 1, 2006

The Defined Benefit Pension Plan shall continue to be provided for the employees covered by this Agreement. Details of the Plan shall be set forth in the Plan itself, which shall include the following elements.

1. Normal Retirement: Those who complete 25 years of service, regardless of age, will qualify for employer paid medical beginning with actual date of retirement. Otherwise, an employee shall qualify for medical insurance coverage as currently defined at the minimum age of 50 with at least 15 years of service

2. Vesting: Shall be at 50% at 5 years and 10% per year thereafter. 100% vested at 10 years.

3. Monthly Retirement Benefit: The multiplier for pension calculation shall be 2.8% percent for all eligible years of service, up to 25 years. 1.0 multiplier for all subsequent years beyond 25 years, to 80% maximum. Credited compensation shall include base pay plus overtime and longevity pay only, and shall not include holiday bonus days, sick bank payoff or other payments of any kind.

4. Employee Contribution: During the duration of this agreement the credited compensation will be 6% *(Effective 1/1/2006-Stipulated Award)*.

5. Disability and death benefit as defined in the pension plan document. The disability provision described in the pension plan document shall be payable to qualifying unit members who have completed ten (10) years of credited service with no minimum age requirement.

6. Early Retirement: As defined in the Pension Policy.

7. Cost of Living: The amount of pension payable to each retiree whose service to the City has terminated and qualifies for normal retirement as listed above, shall be increased by 5% of the amount of the pension benefit which the participant is entitled to receive, when such benefit first becomes payable. Each January 1, thereafter, for a period of fifteen (15) years, the pension benefit shall be increased by the same.

APPENDIX D

COMMAND OFFICERS HIRED PRIOR TO JANUARY 1, 1997

PENSION BENEFITS IN EFFECT AS OF APRIL 28, 2010

The Defined Benefit Pension Plan shall continue to be provided for:

(i) Employees in the unit covered by this Agreement hired prior to January 1, 1997.

(ii) Employees promoted into the unit covered by this Agreement who are already participating in the Pension Plan.

Details of the Plan shall be set forth in the Plan itself, which shall include the following elements.

1. <u>Normal Retirement:</u> Upon the effective date of this contract the normal retirement date shall be 50 years of age and 15 years minimum service.

2. <u>Vesting</u>: Shall be at 50% at 5 years and 10% per year thereafter. 100% vested at 10 years.

3. <u>Monthly Retirement Benefit</u>: Effective January 1, 2001, the pension multiplier shall be 2.8% percent for all eligible years of service. The number of eligible years multiplied by the pension multiplier shall not exceed 80%. The retirement benefit shall be calculated by multiplying the FAC (the employee's highest consecutive 5 year income average) by the number of eligible years of service by the pension multiplier (2.8%). Credited compensation shall include base pay plus overtime and longevity pay only, and shall not include holiday bonus days, sick bank payoff or other payments of any kind.

4. <u>Employee Contribution</u>: Effective July 1, 2004 - 5% of credited compensation

5. <u>Disability & Death:</u> Benefit as defined in the Pension Policy.

6. <u>Early Retirement</u>: Anything age 50 or older with less than 15 years of service, but will result in a ½% per month reduction for every month prior to age 55, with a minimum of five (5) years of service required which meets the 50% vesting minimum.

7. <u>Cost of Living</u>. The amount of pension payable to each qualified retiree whose service to the City has terminated and who has reached fifty (50) years of age with 15 years minimum service, shall be increased by 2.5% *(Effective 1/1/2010-Arbitration Award)* of the amount of the pension benefit which the participant is entitled to receive, when such benefit first becomes payable. Each January 1, thereafter, for a period of fifteen (15) years, the pension benefit shall be increased by the same dollar amount. If exercising the early retirement provision, the 2.5% (Effective 1/1/2010) COLA will begin at the age of 55 for a period of fifteen (15) years.

APPENDIX E
DETECTIVES HIRED PRIOR TO JANUARY 1, 1997
PENSION BENEFITS IN EFFECT AS OF APRIL 28, 2010

The Defined Benefit Pension Plan shall continue to be provided for

(i) Employees in the unit covered by this Agreement hired prior to January 1, 1997, and

(ii) Employees promoted into the unit covered by this Agreement who are already participating in the Pension Plan.

Details of the Plans shall be set forth in the Plan itself, which shall include the following elements.

1. <u>Normal Retirement</u>: Upon the effective date of this contract the normal retirement date shall be 50 years of age and 15 years minimum service.
2. <u>Vesting</u>: Shall be at 50% at 5 years and 10% per year thereafter. 100% vested at 10 years.
3. <u>Monthly Retirement Benefit</u>: Effective January 1, 2001, the pension multiplier shall be 2.8% percent for all eligible years of service. The number of eligible years multiplied by the pension multiplier shall not exceed 80%. The retirement benefit shall be calculated by multiplying the FAC (the employee's highest consecutive 5 year income average) by the number of eligible years of service by the pension multiplier (2.8%). Credited compensation shall include base pay plus overtime and longevity pay only, and shall not include holiday bonus days, sick bank payoff or other payments of any kind.
4. <u>Employee Contribution</u>: Effective August 1, 2005 - 5% of credited compensation
5. <u>Disability & Death Benefit:</u> As defined in the Pension Plan.
6. <u>Early Retirement:</u> Anything age 50 or older with less than 15 years of service, but will result in a ½% per month reduction for every month prior to age 55, with a minimum of five (5) years of service required which meets the 50% vesting minimum.
7. <u>Cost of Living</u>. The amount of pension payable to each qualified retiree whose service to the City has terminated and who has reached fifty (50) years of age with 15 years minimum service, shall be increased by 2.5% *(Effective 1/1/2010-Arbitration Award)* of the amount of the pension benefit which the participant is entitled to receive, when such benefit first becomes payable. Each January 1, thereafter, for a period of fifteen (15) years, the pension benefit shall be increased by the same dollar amount. If exercising the early retirement provision, the 2.5% (Effective 1/1/2010) COLA will begin at the age of 55 for a period of fifteen (15) years.

APPENDIX F

POLICE SERVICE OFFICERS HIRED PRIOR TO JANUARY 1, 1997
PENSION BENEFITS IN EFFECT AS OF JANUARY 1, 2006

The Defined Benefit Pension Plan shall continue to be provided for the employees covered by this Agreement. Details of the Plan shall be set forth in the Plan itself, which shall include the following elements.

1. Normal Retirement. Shall be 55 years of age and 15 years minimum service, including current language for medical insurance coverage currently defined as at least 55 years of age at time of retirement with at least 15 years of service

2. Vesting. Shall be 50% at 5 years and 10% per year thereafter. 100% vested at 10 years.

3. Monthly Retirement Benefit: 2.65% of the highest consecutive 5 year income average of credited compensation times the total years of Police Department Service, not to exceed 34 years of service or age 55, whichever comes first. Credited compensation shall include base pay plus overtime and longevity pay only, and shall not include holiday bonus days, sick bank payoff or other payments of any kind.

4. Employee Contribution: 5% of credited compensation.

5. Disability and death benefit: As defined in the pension plan document, the disability provision shall be payable to qualifying unit members who have completed ten (10) years of credited service with no minimum age requirement.

6. Early Retirement: As defined in the Pension Policy.

7. Cost of Living:

   The amount of pension payable to each retiree whose service to the City has terminated and has reached fifty-five (55) years of age, shall be increased by 5% of the amount of the pension benefit which the participant is entitled to receive, when such benefit first becomes payable. Each January 1 thereafter, for a period of fifteen (15) years, the pension benefit shall be increased by the same dollar amount, beginning at age 55 or retirement date, whichever is later.

APPENDIX G

IAFF – PROFESSIONAL FIREFIGHTERS

HIRED PRIOR TO DECEMBER 31, 1997

PENSION BENEFITS IN EFFECT AS OF JANUARY 1, 2009