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SETTLEMENT AGREEMENT

This Settlement Agreement is made the 23rd day of March, 1994, between the City of Grand Junction and its City Council ("City") and the Grand Junction Police Department Money Purchase Pension Plan ("Police Plan"), and the current members of the Board of Trustees of the Police Plan ("Police Board").

RECITALS

A. The City and the Police Board are parties to certain civil litigation in the District Court in and for Mesa County, Colorado (the "Court"), case number 91 CV 316, entitled Benoit et al. v. City of Grand Junction, et al. (the "Litigation").

B. The Court has ruled that certain monies (commonly referred to as FPPA "forfeitures") refunded in March, 1990 to the City of Grand Junction by the State of Colorado Fire and Police Pension Association are to be contributed to the Police Plan, and that the Police Plan is entitled to additional damages for breach of contract. The City is willing to forego its right to appeal such ruling if the litigation can be settled as provided for in this Agreement.

C. The City, the Police Board and the Police Plan desire to resolve all issues involved in the Litigation, on the terms and conditions set forth in this Agreement.

WHEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties agree as follows:

I. Definitions.

The following terms used in this Settlement Agreement have the meanings ascribed below:

A. "Police Plan" refers to the money purchase pension plan and trust established by the City and its police officers effective January 1, 1987, pursuant to which police officers employed by the City have been provided with retirement contributions and benefits.

B. "Restated Police Plan" refers to the Police Plan as amended and restated in accordance with the provisions of Part IV of this Settlement Agreement. Assuming approval of this Agreement and the Restated Police Plan by the Police Plan participants and the Grand Junction City Council, the Restated Police Plan will control the operation, administration and investment of the Police Plan as of the effective date of the Ordinance approving the Restated Police Plan.

C. "Board of Retirement" refers to the Board to be established pursuant to Sections 1.3 and 10.6 of the Restated Police Plan.

D. "Settlement Funds" refers to the amount of money to be paid by the City to the Police Plan pursuant to Part II of this Agreement, i.e., \$535,124.64 plus interest as calculated in Part II of this Agreement.

E. "Settlement Participants" refers to those police officers who were employed by the Grand Junction Police Department and who withdrew from FPPA on January 1, 1987. The term includes those Settlement Participants who are no longer employed by the City of Grand Junction.

II. Settlement Funds.

Within ten (10) days from and after the effective date of the ordinance and the Restated Police Plan to be adopted in accordance with the procedures of Part V of this Agreement, the City agrees to pay to the Police Plan, in custody of Colorado National Bank of Grand Junction, the sum of \$535,124.64, representing 100% of the money received by the City from the State of Colorado Fire and Police Pension Association ("FPPA") on or about March 6, 1990, plus interest on said amount calculated in the manner set forth on Exhibit "A" to this Agreement, which Exhibit "A" is incorporated in this Agreement by this reference. Interest shall be calculated from March 7, 1990 to the date payment is made to the Police Plan, at the plan's monthly investment return as determined by Smoot, Miller, Cheney & Co., except that for the month in which payment to the Police Plan is made, the parties agree that the monthly investment rate shall be deemed to be .67% (8% - 12). In determining the monthly investment return for months after September, 1993, Smoot, Miller, Cheney & Co. shall use the same method by which the rates on Exhibit "A" were determined. Colorado National Bank shall be instructed by the Board of Retirement to

hold the Settlement Funds in a segregated and unallocated account (the "Settlement Account") within the Police Plan, pending receipt of a determination letter from the Internal Revenue Service and allocation of the Settlement Funds among participants pursuant to the terms of this Agreement and the Restated Police Plan.

III. Allocation of Settlement Funds.

A. Reimbursement of Expenses. The Board of Retirement shall determine a reasonable and equitable means of reimbursing the Police Plan for the expenses incurred by the Police Plan in connection with the Litigation, using the Settlement Funds. The goal shall be to make each plan participant or former plan participant whole. The Board of Retirement shall also determine a reasonable and equitable means of charging each Settlement Participant, including Settlement Participants who are no longer employed by the City, with a pro rata share of the expenses incurred in connection with the Litigation.

B. Among Settlement Participants. The remaining Settlement Funds shall be allocated among Settlement Participants. The amount allocated to each Settlement Participant will represent the Settlement Participant's share of the refunded FPPA "forfeitures" and interest on such share. If the Settlement Participant is a participant in the Police Plan when the allocation is made, the amount allocated to the Settlement Participant shall be treated as a Transfer Contribution pursuant to Section 3.2 of the Restated Police Plan, shall be fully vested and nonforfeitable and shall be

distributed pursuant to Article VII of the Restated Police Plan. If the Settlement Participant is not a participant in the Police Plan when the allocation is made, the Board of Retirement shall direct the Custodian to distribute the amount allocated to such Settlement Participant as he or she may direct.

C. Method of Allocation. The Settlement Funds will be allocated among the Settlement Participants in accordance with Article 14 of the Restated Police Plan, as set forth in Exhibit "B" attached to this Agreement. The allocation must conform to the requirements of Revenue Ruling 80-229 and other applicable requirements of the Internal Revenue Code of 1986, as amended. The actuarial study conducted by Berends, Moore & Company at the request of the Police Board, as corrected, shall be used to ensure that the allocation complies with the restrictions of Code 415. A copy of the actuarial study, as corrected, is attached to this Agreement as Exhibit "C" and is incorporated in this Agreement by this reference.

D. Former Participants. The Board of Retirement shall make reasonable efforts to locate Settlement Participants who are no longer employed by the City of Grand Junction, in order that these former employees may be paid their share of the Settlement Funds pursuant to the allocation described above. What efforts constitute "reasonable" efforts shall be determined by the Board of Retirement in its sole discretion. The Board of Retirement may determine to hold such funds permanently (for ultimate payment to

a Settlement Participant) if, despite reasonable efforts, a Settlement Participant has not been located.

E. Unallocated Amounts. In the event the requirements of the Internal Revenue Code do not permit an allocation to a given Settlement Participant because the allocation would result in an allocation in excess of that permitted by Code 415, the amount which cannot be allocated to that Settlement Participant shall be an Excess Annual Addition under Article IX of the Restated Police Plan and notwithstanding any other provision of said Article IX, such amount shall be refunded to the Settlement Participant. In the event the Board of Retirement is unable after reasonable efforts to locate a former participant who would have been entitled to an allocation of the Settlement Funds, the amount to which the former participant would have been entitled shall be allocated to the Settlement Account and shall be used by the Board of Retirement to defray reasonable administrative expenses of the Police Plan, unless the Board of Retirement determines to hold such allocation pursuant to Part III, D above.

F. IRS Ruling Request. The City and the Police Board agree to submit a joint application for a determination letter to the Internal Revenue Service Key District Director in Dallas, Texas, for the purpose of seeking a determination that the allocation of the Settlement Funds among the Settlement Participants, and the payment by the Police Plan to Settlement Participants who are no longer employed by the City of their allocated portions of the

Settlement Funds, will not result in disqualification of the Plan. The application(s) shall be prepared by the Police Board's legal counsel, Susan M. Corle, with assistance from the City Attorney and City's pension counsel, Mary Brauer. These three individuals shall also be named in appropriate power(s) of attorney as the agents for the City and the Police Board for the purposes of dealing with the IRS regarding the application(s). All parties agree to use their best efforts to obtain as quickly as possible a favorable determination which will permit the maximum allocation of Settlement Funds to Settlement Participants. The City shall pay any IRS user fee and any fees or expenses for the involvement of its pension counsel. The Police Plan shall pay any fees or expenses for the involvement of Susan M. Corle in preparing, submitting and monitoring and discussing with the IRS the application(s), and to attend any conferences with the IRS that may be necessary to support the application(s) and obtain a favorable determination letter. The Settlement Funds shall remain in the segregated Settlement Account, and shall not be credited to the account of any Settlement Participant, or disbursed to any Settlement Participant, pending receipt of the determination letter.

IV. Plan Restatement and Amendment.

The Police Plan shall be amended and restated in its entirety in the form of Exhibit "D" to this Agreement, but the following additional amendments shall also be incorporated into Exhibit "D":

A. Section 1.3 of Exhibit "D" shall be amended to read as follows:

1.3 Board of Retirement ("Board"). The Board of Retirement appointed, in accordance with all applicable statutes or ordinances, to oversee the Plan's operations. The Board consists of seven (7) individuals: the City Manager, the Finance Director, and the Personnel Manager and one other person designated by the City Manager (these four (4) members may be referred to as "City Board members") and three (3) Participant members who are elected for three (3) year terms by vote of the Participants in accordance with the provisions of Section 10.6 of this Plan (these three (3) Board members may be referred to as "Employee Board members"). Each Board member may designate an alternate in accordance with the provisions of Section 10.2(g) of this Plan.

B. Section 1.18 of Exhibit "D" shall be amended to read as follows:

1.18 Normal Retirement Age. Age 50.

C. Section 3.1 of Exhibit "D" shall be amended to read as follows:

3.1 Employer Contributions.

(a) On behalf of each Participant, the Employer will contribute to the Participant's Account not less than the amount required by State law, presently 8% of the Participant's Compensation. Effective January 1, 1992, on behalf of each Participant, for each year of his participation in this Plan, the Employer will contribute to the Fund 10.65% of the Participant's Compensation. The Employer, by duly enacted ordinance, may prospectively reduce the percentage contribution to not less than eight percent (8%) so long as the Employer makes an equal reduction in the Employer contribution for classified City of Grand Junction employees. A reduction in the percentage contribution made in accordance with the preceding sentence shall not be subject to subsection (d) of this Section 3.1 or to Section 13.1 of this Plan. For purposes of this subsection, the term "classified City of Grand Junction employees" refers to all City of Grand Junction employees except police officers, fire fighters and those management employees who participate in the executive plan.

(b) Notwithstanding the foregoing, the Employer's contribution for any Plan Year shall not exceed the maximum amount allowable under the provisions of Code Section 415 and Article IX of this Plan.

(c) The Employer shall make a contribution to the Trust Fund each pay period, based upon the Compensation paid to all Participants for each such pay period. Each contribution shall be delivered or mailed to the Custodian on the same day that paychecks are released to Participants.

(d) Any change in the rate of the Employer's contribution rate is a plan amendment subject to the requirements of Section 13.1 of this Plan, except as otherwise provided herein (see Section 3.1(a)).

D. Section 4.1 of Exhibit "D" shall be amended by the addition of the following sentence at the end of the section:

Mandatory Employee Pre-Tax contributions shall be made by payroll deduction. The Employer shall mail or deliver Mandatory Pre-Tax Employee Contributions to the Custodian on the same day that paychecks are released to Participants.

E. Section 4.2 of Exhibit "D" shall be amended to read:

4.2 [INTENTIONALLY LEFT BLANK]

F. Section 8.2 of Exhibit "D" contains a table which describes the vesting schedule. The table in Exhibit "D" shall be replaced by the following table:

<u>Years of service</u>	<u>Percentage Vested and Nonforfeitable</u>
Less than 3 years	0%
3 years	20%
4 years	40%
5 years	60%
6 years	80%
7 years	100%

G. Section 8.7 of Exhibit "D" shall be amended to read as follows:

8.7 Reallocation of Forfeitures. Forfeitures arising under the terms of this Plan shall be applied, first, to defray administrative expenses of the Plan and, second, to reduce Employer Contributions, and shall be reallocated as of the last day of the Plan Year following the Plan Year in which the forfeiture occurs.

H. Section 9.2, paragraph (a), of Exhibit "D" shall be amended to read as follows:

(a) One-half of the excess amount will be returned to the Participant as a return of employee contributions, to the extent that the return would reduce the excess amounts in the Participant's account.

I. Section 10.1 of Exhibit "D" shall be amended by the addition of a sentence at the end of the section, to read as follows:

The Employer shall provide indemnification or insurance for breach of fiduciary duty or errors and omissions insurance for all Board members on the same terms and conditions as Employer does for other City boards and commissions.

J. Section 10.2, paragraphs (c), (d), (e) and (f) of Exhibit "D" shall be amended to read as follows:

(c) Informal Action by Board. Provided there are at least three (3) of the authorized City Board members and two (2) of the authorized Employee Board members then serving, any action which may be taken at a meeting of the Board may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the Board members then serving and entitled to vote with respect to that subject matter.

(d) Quorum. A quorum for the transaction of business at a duly called meeting shall consist of five (5) members, with the further limitation that any such quorum shall consist of not less than three (3) City Board members and two (2) Employee Board members.

(e) Voting. All actions by and decisions of the Board shall be by the vote of at least five (5) members attending a

duly called meeting of the Board. In other words, at least one Employee Board member must vote in favor of any action or decision for the action or decision to pass. Anything in this section to the contrary notwithstanding, the unanimous written consent of the Board members shall be required for any action pursuant to subsection (c). Each Board member shall have one vote.

(f) Organization and Operation of Board. At the commencement of each year, the Board members shall select from among them a Chair and a Secretary who shall each serve for a period of one year. One office shall be filled by a City Board member and one office shall be filled by an Employee Board member. The offices of Chair and Secretary shall be rotated annually between City Board member and Employee Board member. The Secretary shall be responsible for maintaining an accurate record of all actions of the Board, including minutes of all Board meetings. A copy of such minutes shall be retained as a record of the Plan and one copy thereof shall be distributed to each Board member. Documents requiring execution by the Board shall be signed by the Chair and attested by the Secretary. The Board may adopt rules and regulations necessary for the orderly election of employee members of the Board and for the proper and efficient administration of the Plan, provided such rules and regulations are not inconsistent with the terms of the Plan or the provisions of applicable law.

K. Section 10.2 of Exhibit "D" shall be further amended by the addition of a new subsection (g) to read as follows:

(g) Designation of Alternates. City Board members and Employee Board members shall be entitled to designate, in accordance with the provisions of this subsection (g), alternates to attend Board meetings and vote in the City or Employee Board member's absence. At no time, however, shall there be more than four (4) City Board members or alternates entitled to vote, nor shall there be more than three (3) Employee Board members or alternates entitled to vote.

(i) At the commencement of each year, each City Board member may designate one (1) individual who may attend meetings and vote in the City Board member's absence. Such designations shall be recorded in the minutes of the meeting and may only be changed with the approval of at least five (5) members of the Board.

(ii) Two (2) alternate Employee Board members shall be elected by the Participants pursuant to Section 10.6 of this Plan. One or more Employee Board members may designate one or two of the elected alternate Employee Board members to attend any Board meeting and vote in the Employee Board member's absence. Any such designation shall be in writing and shall be presented by the alternate Employee Board member to the Secretary of the Board at the commencement of the meeting, to be included in the minutes of the meeting.

L. Sections 10.3 and 10.4 of Exhibit "D" shall be amended to read as follows:

10.3 Fund Administration. The Board's duties and powers in relation to the administration of the Fund shall include:

(a) selecting one or more Investment Managers as provided in Section 11.2; and

(b) establishing a written statement of investment policy consistent with the purposes of the Plan and applicable law; and

(c) selecting a Custodian to receive contributions to the Fund, hold income and assets of the Fund, make payments from the Fund as directed by the Board, keep accurate records reflecting the administration of the fund and making such records available to the Employer and the Board for review and audit. Within 90 days after each Plan Year, and within 90 days after its removal or resignation, the Custodian shall provide to the Employer and the Board an accounting of its administration of the Fund during such year or from the end of the preceding Plan Year to the date of removal or resignation. Such accounting shall include a statement of cash receipts and disbursements since the date of its last accounting and shall contain an asset list showing the fair market value of investments held in the Fund as of the end of the Plan Year. The value of marketable investments shall be determined using the most recent price quoted on a national securities exchange or over-the-counter market. The value of the nonmarketable investments shall be determined in the sole judgment of the Custodian. The Employer and the Board shall review the Custodian's accounting and notify the Custodian in the event of its disapproval of the report within 90 days, providing the Custodian with a written description of the items in question.

10.4 Administrative Fees and Expenses. All reasonable costs, charges and expenses incurred by the Board in connection with

the administration of the Fund and the Plan (including fees for legal services rendered to the Board or Custodian) shall be paid from the Fund. Such reasonable compensation to the Custodian as may be agreed upon from time to time between the Board and the Custodian, and such reasonable compensation to any Investment Manager as may be agreed upon from time to time between the Board and any Investment Manager, shall be paid by the Fund. No person who receives full-time pay from the Employer shall receive compensation from the Fund, other than reimbursement for expenses properly and actually incurred.

M. Article 10 of Exhibit "D" shall be amended by the addition of two new sections to read as follows:

10.6 Election of Employee Board Members. The three (3) Employee Board members and two (2) alternate Employee Board members who are to be elected by the Participants shall be elected in accordance with this Section 10.6. The members of the Board and alternates elected by the Participants shall be elected at a meeting of the Participants called for that purpose. At the first election, one (1) Participant shall be elected to serve a term of one (1) year, one (1) Participant shall be elected to serve a term of two (2) years, one (1) member shall be elected to serve a term of three (3) years, and two (2) Participants shall be elected to serve as alternate Employee Board members for terms of three (3) years. Thereafter Employee Board members and alternate Employee Board Members shall be elected to serve terms of three (3) years. Each term shall commence on the first day of a Plan Year and shall end on the last day of a Plan Year. If otherwise qualified, employee members of the Board may be reelected to the Board or as alternates without limitation on the number of terms they may serve.

10.7 Restrictions on Investments. Notwithstanding any other provision of this Plan, all Plan assets shall be invested in compliance with Section 31-30-1012(5), as amended, of the Colorado Revised Statutes. In addition, the Board shall not engage in any transaction which involves the direct or indirect:

(1) sale or exchange or leasing of any property between the Plan and the Employer;

(2) lending of money or other extension of credit between the Plan and the Employer;

(3) transfer to, or use by or for the benefit of the Employer, of any assets or income of the Plan.

N. Section 11.2 of Exhibit "D" shall be amended to read as follows:

11.2 Management of Fund. The management, including the acquisition and disposition of property comprising the Fund, shall be as follows:

(a) The Board shall have exclusive responsibility, discretion and authority with respect to management of the Fund except as to those portions of the Fund regarding which the Board has appointed an Investment Manager according to 11.2(b).

(b) The Board may appoint one or more Investment Managers to direct the investment of all or a position of the Fund. As a condition to its appointment, an Investment Manager shall acknowledge in writing that it is a fiduciary with respect to the Plan. An Investment Manager shall not have authority to take custody of any property which is a part of the Fund. The Board shall furnish each Investment Manager with written investment guidelines for investment of the Investment Manager's Account and these guidelines may include directions with respect to diversification of the investments. An Investment Manager shall have the authority, by written direction to the Custodian, to direct the investment of that portion of the Fund with respect to which it has been appointed Investment Manager. The Investment Manager must direct investments in a manner consistent with this Plan and applicable law.

O. Section 12.1, subsection (a) shall be amended to read as follows:

(a) A Participant who has completed a Period of Service of 24 months may borrow up to 50% of the fair market value of the Participant's vested account balance derived from Employer Contributions, Mandatory Employee Pre-Tax Contributions, Voluntary Contributions, Transfer Contributions and Rollover Contributions.

P. Section 12.9 of Exhibit "D" shall be amended to read as follows:

12.9 Default. The Board shall treat a Participant's loan as in default upon any of the following events:

- (1) If a scheduled payment remains unpaid more than 30 days;
- (2) The death of the Participant;
- (3) The termination of the Participant's employment for any reason;
- (4) If the Participant revokes authorization for repayment of the loan by payroll deduction;

The Board shall grant the participant reasonable rights to cure any default, by repaying the loan, by bringing the loan current by payment of any missed payment(s) with interest, or, if distribution is available under the terms of the Plan, by requesting distribution of the note to the Participant. If the default is not cured within a reasonable time, the Board may take one or more of the following actions:

- (1) If a distribution is permissible under the Plan, offset the Participant's vested account balance by the outstanding balance of the loan;
- (2) Report the entire unpaid principal amount of the loan as a taxable distribution to the Internal Revenue Service.

The Board will treat a loan as repaid to the extent of any permissible offset, but until the note is finally and fully disposed of, the Participant remains obligated for repayment of principal and interest.

The Board may adopt policies and procedures that will apply uniformly to all participants with regard to the procedures that the Board will follow upon default.

Q. Section 13.1 of Exhibit "D" shall be amended by adding a new subsection (c) to read as follows, and by identifying the last paragraph as subsection (d):

(c) No amendment shall take effect unless approved at the time of adoption by at least 65% of all Participants employed at the time of the amendment.

R. Section 13.2 of Exhibit "D" shall be amended to read as follows:

13.2 Termination.

(a) The Employer, by ordinance of its City Council, shall have the right to terminate the Plan, provided that the Employer may not terminate this Plan unless another defined contribution money purchase or defined benefit pension plan qualified under the applicable provisions of the Internal Revenue Code of 1986 as amended and meeting any requirements of C.R.S. 31-30-1001 et seq. is established for the benefit of the participants.

(b) This Plan may only be terminated if at least 65% of the Participants agree to terminate the Plan and at the same time approve the establishment of another defined contribution money purchase or defined benefit pension plan.

(c) Upon any full or partial termination, all amounts credited to the affected Participants' Accounts shall become 100% Vested and shall not thereafter be subject to forfeiture, and all unallocated amounts shall be allocated to the accounts of all Participants in accordance with the provisions hereof.

(d) In the event of termination, the Board shall direct the Custodian with respect to the distribution of accounts to or for the exclusive benefit of Participants or their beneficiaries.

(e) In the event the applicable state statutes regarding establishment, maintenance, amendment or termination of pension plans for police officers are amended in such a manner as to be inconsistent with the provisions set forth in subsections (a) and (b) above, such amended state statutes shall control over subsections (a) and (b).

S. Section 13.4 of Exhibit "D" shall be amended by the addition of a new sentence at the end of the section, as follows:

Any merger, consolidation or transfer of plan assets or liabilities must be approved by at least sixty-five percent

(65%) of the Participants employed at the time of the merger, consolidation or transfer.

T. Article XIV, "Additional Plan Provisions Governing After Tax Contributions," of Exhibit "D" is deleted in its entirety. A new Article XIV, "Allocation of Settlement Funds," shall be added regarding the creation of the Settlement Account and the allocation of the Settlement Funds in accordance with Part III of this Agreement. Such new Article XIV shall read as set forth in Exhibit "B" attached to and incorporated in this Agreement by this reference.

U. At the end of Exhibit "D" as revised there shall be provided signature lines for the Mayor of the City of Grand Junction and the City Clerk. In addition, upon formation of the Board of Retirement, each member of the Board of Retirement shall accept the plan by executing one or more originals of the plan document.

V. Upon the incorporation of the foregoing provisions into the document attached to this Agreement as Exhibit "D", counsel for the City and counsel for the Police Board may mutually agree to make such further changes to the form or format of Exhibit "D" as may be required to make the remaining provisions of the Restated Police Plan consistent with the amendments called for by this Agreement, provided that such changes shall not affect the substantive meaning or application of the Restated Police Plan or

the foregoing provisions unless they are agreed to in writing by the parties to this Settlement Agreement.

V. Procedure for Amendment of Plan and Approval of Settlement.

A. Participant approval. Upon execution of this Agreement, the Police Board shall submit the Settlement Agreement and the Restated Police Plan to the participants of the Police Plan. If the Settlement Agreement and the Restated Police Plan are approved by a vote of at least 65% of the Police Plan participants, the City Manager shall introduce for first reading an ordinance to adopt the form and substance of the items of this Agreement and the Restated Police Plan. If the Agreement or any part of the Agreement, including the Restated Police Plan, is not approved by at least 65% of the Plan Participants, this Agreement shall be null and void and of no further force or effect, without further act or action by any person or entity.

B. City Council Approval. The ordinance described above shall be adopted without modification by the City Council at the first available opportunity. Upon the effective date of the ordinance, the Restated Police Plan as amended in accordance with this Agreement, shall govern. If the City Council does not pass the ordinance in accordance with the terms and conditions of this Agreement, this Agreement shall be null and void and of no further force or effect. If the City Council passes the ordinance with any modification, revision or limitation, the Police Board shall submit the modification, revision or limitation to the Police Plan

participants for their approval. If 65% or more of the Police Plan participants do not approve such modification, revision or limitation, this Agreement shall be null and void and of no further force or effect without further act or action by any person or entity.

VI. Settlement of Litigation.

Following adoption of the ordinance and Restated Police Plan in accordance with Part V of this Agreement, the City and the Police Board agree to execute and file with the Court a Stipulation to Dismiss, incorporating the terms of this Agreement, and any and all such other documents as may be necessary or appropriate to effect a full dismissal of the Litigation, with prejudice to refiling.

VII. Miscellaneous.

A. Costs and Attorneys Fees. Each party to the Litigation and this Agreement shall pay its own costs and attorneys fees incurred in the course of the Litigation, the negotiation, drafting, execution, delivery and performance of this Agreement, and the processes related to the amendment and restatement of the Police Plan, except as otherwise provided in this Agreement.

B. Authority to Execute Agreement. The individuals executing this Agreement on behalf of the City of Grand Junction have been duly authorized to execute this Agreement on behalf of the City of Grand Junction.

C. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears hereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories.

D. Paragraph Headings. The paragraph headings in this Agreement are for convenience only. They form no part of this Agreement and shall not affect its interpretation.

E. Gender. Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

F. Number of Days. In computing the number of days for purposes of this Agreement, all days shall be counted, including Saturdays, Sundays and holidays; provided, however, that if the final day of any time period falls on a Saturday, Sunday or holiday, then the final day shall be deemed to be the next day which is not a Saturday, Sunday or holiday.

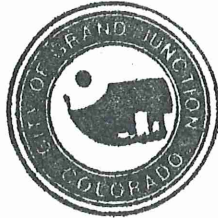
G. Further Assurances. Each party to this Agreement shall execute and deliver all other agreements, instruments and documents and take all other actions as any other party may, from time to

time, reasonably request in order to effectuate the transactions contemplated by this Agreement.

H. Entire Agreement. This Agreement, including all exhibits to it and all documents contemplated by it, contains the entire understanding between the parties hereto with respect to the subject matter, and supersedes all prior and contemporaneous agreements and understandings, inducements or conditions, express or implied, oral or written, except as expressly stated in the Agreement. The express terms of this Agreement control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms of the Agreement.

I. Indemnification. The City covenants and agrees to indemnify, hold harmless and defend the Police Board, the Police Plan, member of the Police Board, all jointly and severally, from and against any and all liability, claims, demands, actions, causes or action, damages, costs (including interest and attorneys' fees), debts, dues, fines, expenses or losses of any and every kind whatsoever, arising out of or relating in any way to the decision of the Police Board and Police Plan to settle the Litigation on the terms set forth in this Agreement.

IN WITNESS WHEREOF, the parties have executed this Settlement Agreement on the date first written above.



ATTEST:

Theresa A. Martinez
Deputy City Clerk

CITY OF GRAND JUNCTION

By: *Mark K. Achen*
Mark K. Achen, City Manager

BOARD OF TRUSTEES OF GRAND JUNCTION
POLICE DEPARTMENT MONEY PURCHASE
PENSION PLAN

James E. Hall
James E. Hall

Robert J. Russell
Robert J. Russell

L. B. B.
Lynden Benoit

Lester Guttman
Lester Guttman

Richard A. Bacher
Richard A. Bacher

*

Susan Corle
Williams, Turner, Holmes
Police/City of Grand Junction

As prepared by Jim Grisier; corrects
error in rate for September 1991

	Beginning Principal Balance	Smoot Miller Rates	Earnings (Loss)	Management Fees	Custodial Fees	Ending Principal Balance	
01-Apr-90	535,124.64						
30-Apr-90	535,124.64	-1.0000%	(5,351.25)			529,773.39	
31-May-90	529,773.39	3.9200%	20,767.12			550,540.51	
30-Jun-90	550,540.51	0.8200%	4,514.43	(668.91)	(346.91)	554,039.12	
31-Jul-90	554,039.12	0.6600%	3,656.66			557,695.78	
31-Aug-90	557,695.78	-4.5900%	(25,598.24)			532,097.54	
30-Sep-90	532,097.54	-1.0100%	(5,374.19)	(692.55)	(329.20)	525,701.60	
31-Oct-90	525,701.60	0.8500%	4,468.46			530,170.06	
30-Nov-90	530,170.06	3.4700%	18,396.90			548,566.96	
31-Dec-90	548,566.96	1.6100%	8,831.93	(657.13)	(348.37)	556,393.39	
31-Jan-91	556,393.39	1.9100%	10,627.11			567,020.50	
28-Feb-91	567,020.50	3.4000%	19,278.70			586,299.20	
31-Mar-91	586,299.20	0.7000%	4,104.09	(695.49)	(369.00)	589,338.80	
01-Apr-91							
30-Apr-91	589,338.80	-0.0100%	(58.93)			589,279.87	
31-May-91	589,279.87	2.0700%	12,198.09			601,477.96	
30-Jun-91	601,477.96	-2.9900%	(17,984.19)	(736.67)	(364.68)	582,392.42	
31-Jul-91	582,392.42	2.1200%	12,346.72			594,739.14	
31-Aug-91	594,739.14	2.1400%	12,727.42			607,466.56	
30-Sep-91	607,466.56	-0.0600%	(364.48)	(727.99)	(377.39)	605,996.70	* Corre
31-Oct-91	605,996.70	0.8100%	4,908.57			610,905.27	
30-Nov-91	610,905.27	-2.7900%	(17,044.26)			593,861.01	
31-Dec-91	593,861.01	6.5900%	39,135.44	(753.40)	(393.48)	631,849.57	
31-Jan-92	631,849.57	-0.6800%	(4,296.58)			627,552.99	
29-Feb-92	627,552.99	0.2600%	1,631.64			629,184.63	
31-Mar-92	629,184.63	-0.9900%	(6,228.93)	(785.53)	(387.24)	621,782.93	
01-Apr-92							
30-Apr-92	621,782.93	0.7000%	4,352.48			626,135.41	
17-May-92							
31-May-92	626,135.41	1.0900%	6,824.88			632,960.29	
30-Jun-92	632,960.29	-0.7000%	(4,430.72)	(773.01)	(390.70)	627,365.86	
31-Jul-92	627,365.86	2.6100%	16,374.25			643,740.11	
31-Aug-92	643,740.11	-0.2700%	(1,738.10)			642,002.01	
30-Sep-92	642,002.01	1.4700%	9,437.43	(779.94)	(404.93)	650,254.57	
31-Oct-92	650,254.57	0.0100%	65.03			650,319.60	
30-Nov-92	650,319.60	2.6400%	17,168.44			667,488.04	
31-Dec-92	667,488.04	1.4300%	9,545.08	(808.39)	(420.84)	675,803.89	
31-Jan-93	675,803.89	1.7100%	11,556.25			687,360.14	
28-Feb-93	687,360.14	0.7500%	5,155.20			692,515.34	
31-Mar-93	692,515.34	1.3600%	9,418.21	(840.14)	(436.31)	700,657.10	
01-Apr-93							
08-Apr-93							
30-Apr-93	700,657.10	-0.7700%	(5,395.06)	(290.34)	(144.05)	694,827.65	**
31-May-93	694,827.65	0.7600%	5,280.69			700,108.34	
30-Jun-93	700,108.34	0.4200%	2,940.46			703,048.80	
31-Jul-93	703,048.80	-0.5400%	(3,796.46)			699,252.34	
31-Aug-93	699,252.34	2.5300%	17,691.08			716,943.42	
30-Sep-93	716,943.42	0.6400%	4,588.44			721,531.86	
Total earnings			200,329.81	(9,209.49)	(4,713.10)		
Fund balance			=====	=====	=====	721,531.86	=====

** City value due to error above = 691,022.28 vs. 694,827.65

EXHIBIT "A"

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Notes:

Management Fees are calculated at a rate of 1/2% per year, charged quarterly based on the prior quarter's ending balance.

Custodial Fees are calculated at a rate of 1/4% per year, charged quarterly based on that quarter's ending balance, prior to deducting the quarterly Management Fees.

EXHIBIT "B"

SETTLEMENT AGREEMENT

ARTICLE XIV

ALLOCATION OF SETTLEMENT FUNDS

14.1 Amounts Transferred From The Fire And Police Pension Association Of The State Of Colorado. Effective January 1, 1987, as permitted by Section 31-30-1003(2)(b) of the Colorado Revised Statutes, the Employer withdrew from the Fire and Police Pension Association of the State of Colorado (the "FPPA"). This Article XIV addresses the manner in which monies received from the FPPA are to be allocated. All of the allocations under this Article XIV will be made only among those individuals who were Participants on the Effective Date of this Plan. Monies received from the Fire and Police Pension Association of the State of Colorado (FPPA) as a result of withdrawing from the FPPA shall be allocated to Participants withdrawing from the FPPA plan, to enter this Plan, as set forth in this Article XIV.

14.2 Monies received by March 20, 1987. Amounts received by the Employer on or prior to March 20, 1987 shall be allocated as follows:

(a) Under each Participant's FPPA accounting, the amount in the Employee Contribution Total and the amount in the Employer Contribution Total shall be credited to the Participant's Transfer Account.

(b) Interest earnings under the FPPA accounting shall be credited to Participants on pro-rata shares based on the total of a Participant's Employee and Employer Contributions [as provided in Section 14.2(a) above] in relation to the total of such contributions for all Participants. The amounts credited to each Participant under this Section 4.16 shall be credited to the Participant's Transfer Account.

14.3 Funds received in March, 1990.

(a) Explanation. This Section 14.3 applies to monies, commonly referred to as the FPPA "forfeitures," which were refunded in March, 1990 to the Employer by the FPPA. As of January 1, 1987, the original effective date of this Plan, these monies were the subject of a dispute between the FPPA, the Employer and Plan Participants. The Employer recovered these monies from the FPPA in March, 1990. The Board of Trustees of the Plan then sought to recover these monies from the Employer. The dispute between the Board of Trustees and the Employer has been resolved. Pursuant to

a Settlement Agreement dated March ____, 1994 between the Employer, the Plan and the Plan's Board of Trustees, the Employer has agreed to deposit these funds in a separate account within the Plan, to be known as the "Settlement Account."

(b) Definitions. For purposes of this Section 14.3, the following definitions shall apply:

(1) "Litigation" refers to certain litigation between the City of Grand Junction and the Board of Trustees of the Plan, in the District Court in and for Mesa County, Colorado (the "Court"), case number 91 CV 316, entitled Benoit et al. v. City of Grand Junction, et al. The Litigation was settled pursuant to a Settlement Agreement dated March ____, 1994, following the affirmative vote of at least 65% of the plan participants and the affirmative vote of the City Council of the City of Grand Junction, Colorado.

(2) "Settlement Account" refers to a segregated and unallocated account within the Plan, to which all Settlement Funds will be allocated pending receipt of a determination letter from the Internal Revenue Service and allocation of the Settlement Funds among participants pursuant to the terms of this Article XIV.

(3) "Settlement Funds" refers to the amount of money to be paid by the Employer to the Plan pursuant to Part II of the Settlement Agreement of March ____, 1994, i.e., \$535,124.64 plus interest as calculated in Part II of the Settlement Agreement.

(4) "Settlement Participants" refers to those police officers who were employed by the Grand Junction Police Department and who withdrew from the FPPA on January 1, 1987. The term includes those Settlement Participants who are not employed by the Employer as of the date when the allocation of Settlement Funds is made pursuant to Section 14.6 below.

(c) Settlement Account.

(1) Adjustments. All amounts credited to the Settlement Account shall be invested in accordance with the provisions of the Plan as amended, and shall share proportionately in investment earnings and increases or decreases in the fair market value of the Fund.

(2) Allocation. The Settlement Funds allocated to the Settlement Account, as adjusted, shall remain in the Settlement Account until a determination letter has been received from the Internal Revenue Service indicating

that the allocation of the Settlement Funds among the Settlement Participants in the manner set forth in this Section 14.3 will not result in disqualification of the Plan. Upon receipt of such a determination letter, the amounts in the Settlement Account shall be allocated in accordance with Sections 14.3(d) and (e) below.

(d) Reimbursement of Expenses. The Board of Retirement shall determine a reasonable and equitable means of reimbursing the Plan for the expenses incurred by the Plan in connection with the Litigation, using the Settlement Funds. The goal shall be to make each plan participant or former plan participant whole. The Board of Retirement shall also determine a reasonable and equitable means of charging each Settlement Participant, including Settlement Participants who are no longer employed by the Employer, with a pro rata share of the expenses incurred in connection with the Litigation.

(e) Allocation of Settlement Funds. After reimbursement of expenses, the remaining Settlement Funds shall be allocated among Settlement Participants as follows:

(1) \$263,572.77 of the Settlement Funds represents the actual "forfeitures" paid by the FPPA to the Employer in March, 1990. This amount will first be used to restore any previous "forfeitures" from the FPPA of employer contributions made on behalf of a Settlement Participant by the City of Grand Junction.

(2) Any "forfeiture" amounts remaining shall be credited to Settlement Participants on pro rata shares based on the total number of months of employment, as of January 1, 1987, as a full time, paid sworn police officer for the City of Grand Junction, in relation to the total number of months of such employment, as of January 1, 1987, on the part of all such Settlement Participants. For the purposes of this Section 14.6(b)(3), a month is a calendar month and any employment during the month constitutes an entire month.

(3) \$271,551.87 of the Settlement Funds represents interest or earnings paid by the FPPA to the Employer in March, 1990. Such monies will be credited to Settlement Participants in pro rata shares based on the total of a Settlement Participant's Employee and Employer contributions (less any withdrawal distributions, including interest) made by or on behalf of a Participant prior to January 1, 1987, in relation to all such Participant contributions.

(4) The remaining amounts credited to or allocated to the Settlement Account represent interest paid by the

Employer pursuant to the Settlement Agreement of March ___, 1994 and adjustments to the Settlement Account pursuant to Section 14.3(c) above. Such amounts shall be credited to the accounts of Settlement Participants in pro rata shares based on the total amounts allocated to such Settlement Participants pursuant to Sections 14.3(d)(1), (d)(2) and (d)(3).

(5) Notwithstanding the prior provisions of this Section 14.3, no amount shall be allocated to a Settlement Participant pursuant to Sections 14.3(d)(1), (d)(2) and (d)(3) if the allocation of such amount would result disqualification of the Plan or violation of any of the terms of this Plan or applicable statutes or regulations.

(6) In the event the requirements of the Internal Revenue Code do not permit an allocation to a given Settlement Participant because the allocation would result in an allocation in excess of that permitted by Code § 415, the amount which cannot be allocated to that Settlement Participant shall be an Excess Annual Addition under Article IX of this Plan and notwithstanding any other provision of said Article IX, such amount shall be refunded to the Settlement Participant.

(7) All amounts allocated to Settlement Participants pursuant to this Section 14.3 shall always be fully vested and non-forfeitable.

(e) Former Participants. Each Settlement Participant who is no longer employed by the Employer shall be entitled to immediate distribution from the Fund of the amount of Settlement Funds allocated to such Settlement Participant pursuant to this Article 14, less a proportionate share of the expenses incurred by the Plan to recover such funds. The Board of Retirement shall make reasonable efforts to locate Settlement Participants who are no longer employed by the Employer. In the event the Board of Retirement is unable after reasonable efforts to locate a Settlement Participant entitled to an allocation of the Settlement Funds, the Board of Retirement may in its discretion:

(1) Allocate the amount to which the former participant would have been entitled to the Settlement Account and use such amount to defray reasonable administrative expenses of the Plan; or,

(2) Determine to hold such funds indefinitely (for ultimate payment to a Settlement Participant).

Berends-Moore & Company
Employee Benefits and Actuarial Consultants

BMC

1st Bank Building
Suite 219
5105 DTC Parkway
Englewood, Colorado 80111
(303) 770-6613
FAX: 770-7490

September 14, 1992

Ms. Susan M. Corle
William, Turner & Holmes, P.C.
P.O. Box 338
Grand Junction, Colorado 81502

RE: GRAND JUNCTION POLICE "NEW HIRE" PENSION FUND

Dear Susan:

Enclosed you will find the actuarial calculations you requested for participants of the above referenced pension fund. The actuarial calculations include the following:

- A summary of the actuarial assumptions, mortality tables used and the IRC Section 415(b) dollar limit for each retirement age under the plan.
- A listing of all active participants and census data as of the plan termination date (12/31/86), based on the information you provided.
- The actual distribution received from the termination of the fund, based on the information you provided.
- The determination of the three year average annual compensation for each plan participant. This amount is used in the determination of each participant's plan accrued benefit and maximum annual benefit under IRC Section 415(b).
- The 12/31/86 annual accrued benefit (2% per year of FPPA service times three year average annual compensation).
- The present value of the accrued benefit as of the plan termination date, based on the plan's definition of actuarial equivalence and assuming the 3% cost of living adjustment would be provided once the benefit accrual commenced.
- The shortfall (excess) of the actual distribution received over the present value of the accrued benefit as of the plan termination date.

EXHIBIT "C"

Berends-Moore & Company
Employee Benefits and Actuarial Consultants

September 11, 1992
Ms. Susan M. Corle
Page Two

- The maximum allowable benefit under IRC Section 415(b) as of 12/31/86. For all participants, their maximum allowable benefit is limited by the 100% of three year average annual compensation limitation. Even though there were slight annual additions due to employee pre-tax contributions, the IRC Section 415(e) limitations will have no impact on the maximum benefit that would have been available under this defined benefit plan.
- The present value of the maximum allowable benefit under IRC Section 415(b) as of 12/31/86, based on the FPPA mortality table, a 5% interest assumption, and no post-retirement cost of living adjustments.
- The shortfall (excess) of the actual distribution received over the present value of the maximum allowable benefit under IRC Section 415(b), net of after tax employee contributions, as of 12/31/86. This amount was also brought forward with 5% annual interest to 8/31/92.

To the best of our knowledge, the calculations summarized herein are complete and accurate based on the information supplied to us utilizing generally accepted actuarial principles. We are available to answer any questions on the material contained in this report or to provide explanations or further details as may be appropriate.

Respectfully submitted,

BERENDS-MOORE & COMPANY



Jeffrey J. Berends, F.S.A.
President
Enrolled Actuary # 90-2964

Enclosure

Plan Termination Date:	12/31/86
Final Payout Date:	08/31/92
Mortality Table:	71 GAM
Plan Interest:	7.5000%
Plan COLA:	3.0000%
Plan COLA Adjusted Interest:	4.3689%
Pre-TRA86 Age 65 \$ Limit:	\$90,000
IRC Section 415(b) Interest:	5.0000%

1971 GAM MALE - ANNUITY PURCHASE RATES (APRs)

AGE	int: 7.5%	int: 5.0%	int: 7.5%
	COLA: 3.0%	COLA: 0.0%	COLA: 0.0%
50	15.1616	14.1675	11.1561
51	14.8814	13.9249	11.0129
52	14.5963	13.6770	10.8647
53	14.3060	13.4237	10.7113
54	14.0105	13.1649	10.5525
55	13.7096	12.9004	10.3880
56	13.4030	12.6299	10.2175
57	13.0904	12.3529	10.0404
58	12.7715	12.0693	9.8563
59	12.4463	11.7789	9.6652
60	12.1163	11.4831	9.4677
61	11.7826	11.1829	9.2648
62	11.4456	10.8787	9.0564
63	11.1054	10.5705	8.8425
64	10.7623	10.2585	8.6232
65	10.4175	9.9439	8.3993
66	10.0729	9.6285	8.1721
67	9.7301	9.3139	7.9430
68	9.3908	9.0015	7.7131
69	9.0551	8.6915	7.4828
70	8.7250	8.3859	7.2536
71	8.4024	8.0867	7.0272
72	8.0878	7.7941	6.8042
73	7.7785	7.5058	6.5825
74	7.4713	7.2186	6.3594
75	7.1645	6.9309	6.1333
76	6.8583	6.6430	5.9045
77	6.5556	6.3575	5.6752
78	6.2613	6.0793	5.4496
79	5.9786	5.8113	5.2307
80	5.7074	5.5540	5.0189
81	5.4497	5.3088	4.8158
82	5.2046	5.0753	4.6212
83	4.9713	4.8527	4.4345
84	4.7497	4.6409	4.2559
85	4.5388	4.4390	4.0847
86	4.3374	4.2459	3.9201
87	4.1445	4.0607	3.7613
88	3.9588	3.8822	3.6074

AGE	PRE-TRA 415(b) \$ LIMIT
55	75,000
56	75,000
57	75,000
58	75,000
59	75,000
60	77,336
61	83,383
62	90,000
63	90,000
64	90,000
65	90,000

# PARTICIPANT	SEX	DATE OF BIRTH	DATE OF HIRE	FPPA SERVICE DATE	415(b) SERVICE DATE	NORMAL RETIREMENT DATE	NORMAL RETIREMENT AGE	FPPA SERVICE		
								PRIOR	FUTURE	TOTAL
1 Gelo, Mark	1	02/10/57	07/13/81	07/13/81	07/13/81	02/10/2012	55.00	5.47	25.11	30.58
2 Inar-Kozen, Sharrane	2	04/07/55	01/08/80	01/08/80	01/08/80	04/07/2010	55.00	6.98	23.27	30.25
3 Assenmacher, Gregory	1	12/13/58	10/12/81	10/12/81	10/12/81	12/13/2013	55.00	5.22	26.95	32.17
4 Bacher, Richard	1	02/04/52	10/11/76	10/11/76	10/11/76	02/04/2007	55.00	10.22	20.10	30.32
5 Barley, George	1	07/24/50	03/23/82	03/23/82	03/23/82	03/23/2007	56.66	4.77	20.22	24.99
6 Bennett, Steven	1	04/01/53	08/01/83	08/01/83	08/01/83	08/01/2008	55.33	3.42	21.58	25.00
7 Benoit, Lynden	1	06/30/44	10/14/86	10/14/86	10/14/86	06/30/2009	65.00	0.21	22.50	22.71
8 Callow, Rusty	1	12/01/55	06/30/80	06/30/80	06/30/80	12/01/2010	55.00	6.50	23.92	30.42
9 Christian, Joanne	2	09/02/51	10/14/86	10/14/86	10/14/86	10/14/2011	60.11	0.21	24.78	24.99
10 Cordova, Delmer	1	03/07/46	04/15/74	03/14/77	03/14/77	03/14/2002	56.02	9.80	15.20	25.00
11 Cowgill, Stephen	1	05/17/57	04/01/81	04/06/81	04/06/81	05/17/2012	55.00	5.74	25.38	31.12
12 Cruz, Theodore	1	10/16/48	09/02/74	09/02/74	09/02/74	10/16/2003	55.00	12.33	16.79	29.12
13 Currie, Martyn	1	03/03/47	11/28/77	11/28/77	11/28/77	11/28/2002	55.74	9.09	15.91	25.00
14 Dailey, Michael	1	02/19/52	02/19/80	02/19/80	02/19/80	02/19/2007	55.00	6.86	20.14	27.00
15 Devore, Victoria	2	08/21/51	05/21/84	05/21/84	05/21/84	05/21/2009	57.75	2.61	22.39	25.00
16 Dipilato, Marvin	1	09/20/48	10/14/86	10/14/86	10/14/86	10/14/2011	63.06	0.21	24.78	24.99
17 Fox, Raymond	1	08/08/44	05/22/83	11/24/82	11/24/82	11/24/2007	63.29	4.10	20.89	24.99
18 Freeman, Thomas	1	06/18/34	08/21/78	08/21/78	08/21/78	06/18/99	65.00	8.36	12.46	20.82
19 Frey, Paul	1	11/23/53	05/11/81	05/11/81	05/11/81	11/23/2008	55.00	5.64	21.90	27.54
20 Gaskill, William	1	03/14/49	01/27/75	01/27/75	01/27/75	03/14/2004	55.00	11.93	17.20	29.13
21 Griffin, Daniel	1	03/29/38	04/21/80	04/21/80	04/21/80	03/29/2003	65.00	6.69	16.24	22.93
22 Grimsby, Tim	1	08/09/57	01/08/80	01/07/80	01/07/80	08/09/2012	55.00	6.98	25.61	32.59
23 Guttman, Lester	1	04/03/41	10/18/82	10/18/82	10/18/82	04/03/2006	65.00	4.20	19.26	23.46
24 Hall, James	1	01/18/45	10/11/76	10/11/76	10/11/76	10/11/2001	56.73	10.22	14.78	25.00
25 Head, Larry	1	05/03/40	02/16/71	02/16/71	02/16/71	02/16/96	55.79	15.87	9.13	25.00
26 Head, William	1	08/11/36	03/02/82	03/02/82	03/02/82	08/11/2001	65.00	4.83	14.61	19.44
27 Jerry	1	02/03/47	10/11/76	10/11/76	10/11/76	02/03/2002	55.00	10.22	15.09	25.31
28 Iaco, Kevin	1	01/01/56	11/03/86	11/03/86	11/03/86	11/03/2011	55.84	0.16	24.84	25.00
29 Jackson, John	1	05/14/49	10/09/77	10/09/77	10/09/77	05/14/2004	55.00	9.23	17.37	26.60
30 Johnson, Lester	1	07/27/46	07/29/74	07/29/74	07/29/74	07/27/2001	55.00	12.42	14.57	26.99
31 Kibler, Robert	1	11/20/43	03/15/72	03/15/72	03/15/72	11/20/98	55.00	14.80	11.89	26.69
32 Kiesler, John	1	05/03/55	04/02/79	04/02/79	04/02/79	05/03/2010	55.00	7.75	23.34	31.09
33 King, Steven	1	06/24/58	07/02/86	07/19/80	07/19/80	06/24/2013	55.00	6.45	26.48	32.93
34 Knight, Robert	1	12/19/53	01/25/82	02/08/82	08/09/79	12/19/2008	55.00	4.89	21.97	26.86
35 Kuhn, Gregory	1	12/06/53	01/08/80	01/07/80	01/07/80	12/06/2008	55.00	6.98	21.93	28.91
36 Larson, Robert	1	12/27/45	03/01/73	03/01/73	03/01/73	12/27/2000	55.00	13.83	13.99	27.82
37 Long, Harry	1	12/26/52	10/11/76	10/11/76	10/11/76	12/26/2007	55.00	10.22	20.99	31.21
38 Maez, Ronald	1	05/06/50	06/16/75	06/16/75	06/16/75	05/06/2005	55.00	11.54	18.35	29.89
39 Martinez, Elmer	1	09/12/54	10/17/77	10/17/77	10/17/77	09/12/2009	55.00	9.20	22.70	31.90
40 Mendoza, Carlos	1	06/10/59	06/04/84	06/04/84	06/04/84	06/10/2014	55.00	2.57	27.44	30.01
41 Menzies, Steven	1	08/26/53	05/21/84	05/21/84	05/21/84	05/21/2009	55.73	2.61	22.38	24.99
42 Nordine, Michael	1	02/26/60	01/24/83	01/24/83	01/24/83	02/26/2015	55.00	3.93	28.16	32.09
43 Parquette, Kevin	1	06/06/58	07/07/85	07/07/85	07/07/85	06/06/2013	55.00	1.48	26.43	27.91
44 Pringle, Clifton	1	03/27/55	11/17/86	04/14/84	04/14/84	03/27/2010	55.00	2.71	23.24	25.95
45 Rix, Thomas	1	08/16/52	05/21/84	05/21/84	05/21/84	05/21/2009	56.76	2.61	22.39	25.00
46 Rowe-Smalley, Donna	2	10/08/53	01/05/76	01/05/76	01/05/76	10/08/2008	55.00	10.99	21.77	32.76
47 Russell, Mark	1	12/25/59	01/31/83	01/31/83	01/31/83	12/25/2014	55.00	3.92	27.98	31.90
48 Russell, Robert	1	08/15/55	01/16/84	01/16/84	01/16/84	08/15/2010	55.00	2.96	23.62	26.58
49 Schumacher, David	1	03/07/46	07/07/86	10/22/75	10/22/75	03/07/2001	55.00	11.19	14.18	25.37
50 Stiles, Ronald	1	09/03/46	10/11/73	10/11/73	10/11/73	09/03/2001	55.00	13.22	14.67	27.89
51 Tkofsky, Daniel	1	10/03/56	01/19/81	01/19/81	01/19/81	10/03/2011	55.00	5.95	24.76	30.71
52 Woszczyk, Woldemyr	1	02/01/58	06/03/82	06/03/82	06/03/82	02/01/2013	55.00	4.58	26.09	30.67
53 Yarbrough, Cheryl	2	05/07/61	01/17/83	01/17/83	01/17/83	05/07/2016	55.00	3.95	29.35	33.30
54 Zien, John	1	01/19/55	10/13/80	10/13/80	10/13/80	01/19/2010	55.00	6.21	23.05	29.26
54 Totals							56.55			

PARTICIPANT	EMPLOYEE CONTRIBUTIONS		ACTUAL	SALARY HISTORY			PRE-ESTABLISHED	
	BEFORE TAX	AFTER TAX	DISTRIBUTION FROM FPPA WITHDRAWAL	12/31/86	12/31/85	12/31/84	THREE YEAR AVERAGE ANNUAL SALARY	THREE YEAR AVERAGE ANNUAL SALARY
o, Mark	2,698.33	6,173.69	28,492.46	23,779	21,787	21,674	0	22,413
-Kozen, Sharrane	2,964.82	8,580.06	37,076.34	25,655	25,098	23,727	0	24,827
Assenmacher, Gregory	2,694.23	5,960.96	27,796.11	23,559	21,825	22,739	0	22,708
cher, Richard	3,756.22	13,762.06	56,259.89	32,420	31,537	30,728	0	31,562
irley, George	2,946.41	5,592.10	27,421.39	25,661	24,204	23,266	0	24,377
Bennett, Steven	3,026.56	3,179.30	19,930.10	28,200	20,908	20,745	0	23,284
Benoit, Lynden	313.38	0.00	1,006.42	3,917	0	0	0	3,917
llow, Rusty	3,360.20	8,184.81	37,076.75	29,674	26,740	25,152	0	27,189
uristian, Joanne	313.38	0.00	1,006.42	3,917	0	0	0	3,917
Cordova, Delmer	3,029.68	11,300.48	46,021.25	26,135	25,428	14,401	0	21,988
gill, Stephen	2,799.63	6,649.00	30,344.24	24,361	23,084	22,149	0	23,198
uz, Theodore	3,029.77	14,615.17	56,666.65	26,136	25,465	25,428	0	25,676
Currie, Martyn	4,261.89	14,862.67	61,418.45	36,546	35,445	34,667	0	35,553
iley, Michael	2,887.40	8,254.37	35,781.75	24,919	24,204	23,439	0	24,187
vore, Victoria	2,716.92	1,735.28	14,298.23	24,311	20,351	10,991	0	18,551
Dipilato, Marvin	313.38	0.00	1,006.42	3,917	0	0	0	3,917
Fox, Raymond	2,784.11	3,365.51	19,749.48	24,751	21,410	19,872	0	22,011
eeeman, Thomas	3,036.33	10,669.88	44,017.44	26,218	25,897	26,485	0	26,200
Frey, Paul	2,947.10	6,688.91	30,946.01	25,669	24,204	23,119	0	24,331
Gaskill, William	4,167.85	16,576.17	66,619.34	36,051	34,764	32,790	0	34,535
Giffin, Daniel	2,886.12	8,100.01	35,281.91	24,907	24,275	23,699	0	24,294
Gimsby, Tim	2,974.92	8,753.25	37,664.97	25,663	25,216	24,786	0	25,222
Guttmann, Lester	2,945.71	4,800.12	24,875.70	25,652	24,204	23,303	0	24,386
Hil, James	4,059.29	15,551.32	62,979.40	35,470	32,562	31,488	0	33,173
Hid, Larry	3,732.71	17,874.41	69,391.18	32,126	31,488	31,488	0	31,701
William	3,457.65	5,521.27	28,835.77	31,539	24,648	22,205	0	26,131
Hil, Larry	3,123.22	12,996.21	51,767.49	26,712	26,712	26,712	0	26,712
Isri, Kevin	208.92	0.00	670.95	2,611	0	0	0	2,611
Jackson, John	3,924.61	14,315.78	58,578.94	34,524	31,488	31,488	0	32,500
Johnson, Lester	3,123.22	15,244.94	58,989.28	26,712	26,712	26,712	0	26,712
Kler, Robert	4,548.50	20,730.21	81,182.48	39,151	38,364	38,364	0	38,626
Klesler, John	3,029.90	9,463.91	40,123.82	26,138	25,428	24,355	0	25,307
King, Steven	926.09	0.00	2,974.14	15,561	25,428	24,675	24,285	24,285
Kright, Robert	3,456.72	5,601.52	29,090.50	31,414	24,201	22,391	0	26,002
Kun, Gregory	3,484.02	8,733.12	39,235.30	31,814	25,428	24,745	0	27,329
Larson, Robert	4,002.01	18,303.66	71,634.58	35,153	31,936	31,918	0	33,002
Long, Harry	3,735.19	14,103.60	57,289.20	32,157	31,488	31,488	0	31,711
Ma, Ronald	3,107.42	14,134.81	55,373.35	26,712	25,823	25,428	0	25,988
Martinez, Elmer	3,123.22	12,040.06	48,696.82	26,712	26,416	26,477	0	26,535
Mendoza, Carlos	2,716.85	1,761.67	14,382.75	24,329	20,918	10,735	0	18,661
Meies, Steven	2,559.65	1,736.03	13,795.56	22,825	19,954	10,918	0	17,899
Moine, Michael	2,764.74	3,877.15	21,330.41	24,745	21,051	20,283	0	22,026
Parquette, Kevin	2,469.32	0.00	7,930.21	22,495	8,370	0	0	15,433
Prigle, Clifton	0.00	0.00	0.00	2,611	0	0	13,967	13,967
Thomas	2,715.96	1,825.42	14,584.63	24,318	20,908	11,542	0	18,923
owe-Smalley, Donna	3,123.22	13,817.38	54,404.67	26,712	26,712	26,663	0	26,696
Russell, Mark	2,790.21	4,160.62	22,322.57	24,243	23,040	22,098	0	23,127
Russell, Robert	2,721.23	2,401.70	16,452.27	24,364	20,888	18,785	0	21,346
Schunacher, David	1,135.46	84.23	3,917.03	14,194	21,076	31,215	27,938	27,938
Stiles, Ronald	3,123.22	14,933.85	57,990.21	26,712	26,243	25,665	0	26,207
Tfsky, Daniel	2,866.61	6,965.64	31,576.23	25,199	23,095	22,403	0	23,566
Lzvck, Woldmyr	2,799.02	4,884.23	24,674.72	24,743	22,144	20,868	0	22,585
aws, yl	2,715.39	3,909.02	21,274.26	24,311	20,868	20,305	0	21,828
en John	2,945.71	7,546.01	33,694.11	25,652	24,262	23,828	0	24,581
ot s	151,343.62	420,321.57	1,835,900.55	1,343,977	1,233,697	1,158,402		1,281,348

PARTICIPANT	BEFORE	IRC 415(b)	12/31/86	12/31/86	PRE-TRAB6	IRC 415(b)	PLAN
	TAX	THREE YEAR	ACCRUED	ANNUAL	IRC 415	100% THREE YEAR	ANNUAL
	CONTRIBUTIONS	AVERAGE ANNUAL	BENEFIT	ACCRUED	DOLLAR	AVERAGE ANNUAL	ACCRUED
		SALARY	PERCENT	BENEFIT	LIMIT	SALARY LIMIT	BENEFIT
Mark	2,698.33	21,514	0.1094	2,452	41,025	11,768	2,452
Ad-Kozen, Sharrane	2,964.82	23,838	0.1396	3,466	52,350	16,639	3,466
Assenmacher, Gregory	2,694.23	21,810	0.1044	2,371	39,150	11,385	2,371
cher, Richard	3,756.22	30,310	0.2044	6,451	75,000	30,310	6,451
urley, George	2,946.41	23,395	0.0954	2,326	35,775	11,159	2,326
Bennett, Steven	3,026.56	22,275	0.0684	1,593	25,650	7,618	1,593
noit, Lynden	313.38	3,604	0.0042	16	1,890	76	16
llow, Rusty	3,360.20	26,069	0.1300	3,535	48,750	16,945	3,535
Christian, Joanne	313.38	3,604	0.0042	16	1,624	76	16
Cardova, Delmer	3,029.68	20,978	0.1960	4,310	73,500	20,559	4,310
gill, Stephen	2,799.63	22,265	0.1148	2,663	43,050	12,780	2,663
Cruz, Theodore	3,029.77	24,666	0.2466	6,332	75,000	24,666	6,332
Currie, Martyn	4,261.89	34,132	0.1818	6,463	68,175	31,026	6,463
lley, Michael	2,887.40	23,225	0.1372	3,319	51,450	15,932	3,319
Core, Victoria	2,716.92	17,645	0.0522	968	19,575	4,605	968
Dipilato, Marvin	313.38	3,604	0.0042	16	1,890	76	16
Et, Raymond	2,784.11	21,083	0.0820	1,805	36,900	8,644	1,805
Fleman, Thomas	3,036.33	25,188	0.1672	4,381	75,240	21,057	4,381
Frey, Paul	2,947.10	23,348	0.1128	2,744	42,300	13,168	2,744
Genkell, William	4,167.85	33,146	0.2386	8,240	75,000	33,146	8,240
Giffin, Daniel	2,886.12	23,332	0.1338	3,250	60,210	15,609	3,250
Grimsby, Tim	2,974.92	24,230	0.1396	3,521	52,350	16,913	3,521
Guttman, Lester	2,945.71	23,404	0.0840	2,048	37,800	9,830	2,048
Hill, James	4,059.29	31,820	0.2044	6,781	75,000	31,820	6,781
Hild, Larry	3,732.71	30,456	0.3174	10,062	75,000	30,456	10,062
Hill, William	3,457.65	24,978	0.0966	2,524	43,470	12,064	2,524
Hill, Henry	3,123.22	25,671	0.2044	5,460	75,000	25,671	5,460
Irish, Kevin	208.92	2,402	0.0032	8	1,200	38	8
Jackson, John	3,924.61	31,192	0.1846	6,000	69,225	28,790	6,000
Johnson, Lester	3,123.22	25,671	0.2484	6,635	75,000	25,671	6,635
Kilmer, Robert	4,548.50	37,110	0.2960	11,433	75,000	37,110	11,433
Kiesler, John	3,029.90	24,297	0.1550	3,923	58,125	18,830	3,923
King, Steven	926.09	23,977	0.1290	3,133	48,375	15,465	3,133
Knight, Robert	3,456.72	24,850	0.0978	2,543	36,675	12,152	2,543
Kuhn, Gregory	3,484.02	26,168	0.1396	3,815	52,350	18,265	3,815
Larson, Robert	4,002.01	31,668	0.2766	9,128	75,000	31,668	9,128
Loft, Harry	3,735.19	30,466	0.2044	6,482	75,000	30,466	6,482
Ma, Ronald	3,107.42	24,952	0.2308	5,998	75,000	24,952	5,998
Martinez, Elmer	3,123.22	25,494	0.1840	4,882	69,000	23,454	4,882
Mendoza, Carlos	2,716.85	17,755	0.0514	959	19,275	4,563	959
Melies, Steven	2,559.65	17,046	0.0522	934	19,575	4,449	934
Mordine, Michael	2,764.74	21,105	0.0786	1,731	29,475	8,294	1,731
Marquette, Kevin	2,469.32	14,198	0.0296	457	11,100	2,101	457
Murphy, Clifton	0.00	13,967	0.0542	757	20,325	3,785	757
Nichols, Thomas	2,715.96	18,017	0.0522	988	19,575	4,703	988
Rowe-Smalley, Donna	3,123.22	25,655	0.2198	5,868	75,000	25,655	5,868
Russell, Mark	2,790.21	22,197	0.0784	1,813	29,400	8,701	1,813
Russell, Robert	2,721.23	20,439	0.0592	1,264	22,200	6,050	1,264
Schumacher, David	1,135.46	27,559	0.2238	6,252	75,000	27,559	6,252
Stiles, Ronald	3,123.22	25,166	0.2644	6,929	75,000	25,166	6,929
Trofsky, Daniel	2,866.61	22,610	0.1190	2,804	44,625	13,453	2,804
Waldmyr	2,799.02	21,652	0.0916	2,069	34,350	9,917	2,069
Watts, Caryl	2,715.39	20,923	0.0790	1,724	29,625	8,265	1,724
Wen, John	2,945.71	23,599	0.1242	3,053	46,575	14,655	3,053
Winters		1,229,722		198,697			

PARTICIPANT	PLAN APR (7.5%) WITH 3% COLA	VALUE OF ACCUMULATED BENEFIT NORMAL RETIREMENT DATE	YEARS OF SERVICE FROM 12/31/86 TO NORMAL RETIREMENT DATE	7.5% PRESENT VALUE ACCUMULATED BENEFIT AT 12/31/86	SHORTFALL/(EXCESS) OF ACTUAL DISTRIBUTION OVER PRESENT VALUE OF ACCUMULATED BENEFIT
Lozano, Mark	13.7096	33,616.20	25.11	5,468.67	(23,023.79)
Lozano-Kozen, Sharrane	13.7096	47,514.77	23.27	8,829.86	(28,246.48)
Assenmacher, Gregory	13.7096	32,501.08	26.95	4,628.49	(23,167.62)
Ascher, Richard	13.7096	88,443.44	20.10	20,670.71	(35,589.18)
Arley, George	13.0904	30,442.59	20.22	7,053.46	(20,367.93)
Bennett, Steven	13.7096	21,834.57	21.58	4,585.11	(15,344.99)
Benoit, Lynden	10.4175	171.38	22.50	33.67	(972.75)
Bellow, Rusty	13.7096	48,456.95	23.92	8,591.43	(28,485.32)
Christian, Joanne	12.1163	199.33	24.78	33.21	(973.21)
Cordova, Delmer	13.4030	57,762.21	15.20	19,241.33	(26,779.92)
Covgill, Stephen	13.7096	36,510.45	25.38	5,824.66	(24,519.58)
Cruz, Theodore	13.7096	86,806.22	16.79	25,775.24	(30,891.41)
Currie, Martyn	13.4030	86,629.95	15.91	27,413.18	(34,005.27)
Daley, Michael	13.7096	45,495.34	20.14	10,602.31	(25,179.44)
Damore, Victoria	12.7715	12,367.44	22.39	2,449.31	(11,848.92)
Dipilato, Marvin	11.1054	182.70	24.78	30.44	(975.98)
Fox, Raymond	11.1054	20,044.16	20.89	4,424.51	(15,324.97)
Fleming, Thomas	10.4175	45,635.32	12.46	18,533.25	(25,484.19)
Frey, Paul	13.7096	37,625.99	21.90	7,720.45	(23,225.56)
Gaskill, William	13.7096	112,967.80	17.20	32,563.35	(34,055.99)
Goffin, Daniel	10.4175	33,862.01	16.24	10,462.59	(24,819.32)
Gosby, Tim	13.7096	48,270.74	25.61	7,573.79	(30,091.18)
Guttmann, Lester	10.4175	21,339.75	19.26	5,299.83	(19,575.87)
Hall, James	13.0904	88,761.15	14.78	30,479.36	(32,500.04)
Hend, Larry	13.4030	134,858.19	9.13	69,681.59	290.41
Hill, William	10.4175	26,296.09	14.61	9,141.42	(19,694.35)
Hirsh, Larry	13.7096	74,853.49	15.09	25,133.81	(26,633.68)
Irwin, Kevin	13.4030	111.98	24.84	18.58	(652.37)
Jackson, John	13.7096	82,250.75	17.37	23,419.35	(35,159.59)
Johnson, Lester	13.7096	90,966.77	14.57	31,714.76	(27,274.52)
Kilmer, Robert	13.7096	156,747.27	11.89	66,336.62	(14,845.86)
Kilmer, John	13.7096	53,777.07	23.34	9,943.14	(30,180.68)
King, Steven	13.7096	42,949.54	26.48	6,327.94	3,353.80
Knight, Robert	13.7096	34,863.45	21.97	7,117.48	(21,973.02)
Kulka, Gregory	13.7096	52,303.88	21.93	10,708.94	(28,526.36)
Larson, Robert	13.7096	125,147.34	13.99	45,500.61	(26,133.97)
Lopez, Harry	13.7096	88,861.90	20.99	19,473.86	(37,815.34)
Lopez, Ronald	13.7096	82,229.54	18.35	21,811.35	(33,562.00)
Marquez, Elmer	13.7096	66,936.30	22.70	12,962.52	(35,734.30)
Mendoza, Carlos	13.7096	13,149.68	27.44	1,807.45	(12,575.30)
Merrill, Steven	13.4030	12,522.80	22.38	2,481.87	(11,313.69)
Morone, Michael	13.7096	23,735.02	28.16	3,096.90	(18,233.51)
Marquette, Kevin	13.7096	6,262.57	26.43	926.03	(7,004.18)
Murphy, Clifton	13.7096	10,378.32	23.24	1,932.83	1,932.83
Murphy, Thomas	13.0904	12,930.22	22.39	2,560.77	(12,023.86)
Nove-Smalley, Donna	13.7096	80,443.92	21.77	16,662.15	(37,742.52)
Russell, Mark	13.7096	24,857.65	27.98	3,285.88	(19,036.69)
Russell, Robert	13.7096	17,324.32	23.62	3,138.98	(13,313.29)
Schumacher, David	13.7096	85,718.59	14.18	30,739.94	26,822.91
Stiles, Ronald	13.7096	94,994.40	14.67	32,880.31	(25,109.90)
Stefsky, Daniel	13.7096	38,446.03	24.76	6,414.72	(25,161.51)
Stevenson, Woldmyr	13.7096	28,362.23	26.09	4,298.27	(20,376.45)
Stevens, Cyril	13.7096	23,641.00	29.35	2,830.27	(18,443.99)
Stevens, John	13.7096	41,854.30	23.05	7,902.69	(25,791.42)
Stevens				748,539.24	(1,087,361.31)

PARTICIPANT	IRC 415(b) ANNUAL BENEFIT LIMIT	IRC 415(b) (5%) WITHOUT COLA	VALUE OF IRC 415(b) LIMIT AT NORMAL RETIREMENT DATE	YEARS OF SERVICE FROM 12/31 TO NORMAL RETIREMENT DATE	IRC 415(b) 5% MAXIMUM LUMP SUM BENEFIT AT 12/31/86
Mark	11,768	12.9004	151,813.17	25.11	44,590.89
Mark-Kozen, Sharrane	16,639	12.9004	214,652.32	23.27	68,970.06
Assenmacher, Gregory	11,385	12.9004	146,865.97	26.95	39,433.89
Ascher, Richard	30,310	12.9004	391,005.88	20.10	146,648.75
Burley, George	11,159	12.3529	137,850.33	20.22	51,399.65
Bennett, Steven	7,618	12.9004	98,278.01	21.58	34,291.88
Boit, Lynden	76	9.9439	752.51	22.50	251.05
Brown, Rusty	16,945	12.9004	218,591.99	23.92	68,043.43
Christian, Joanne	76	11.4831	869.00	24.78	259.39
Cordova, Delmer	20,559	12.6299	259,652.36	15.20	123,684.40
Duggill, Stephen	12,780	12.9004	164,866.98	25.38	47,791.35
Druz, Theodore	24,666	12.9004	318,206.56	16.79	140,262.25
Currie, Martyn	31,026	12.6299	391,855.55	15.91	180,303.54
Daviley, Michael	15,932	12.9004	205,532.51	20.14	76,935.72
Davore, Victoria	4,605	12.0693	55,584.42	22.39	18,643.38
Dipilato, Marvin	76	10.5705	799.93	24.78	238.77
Dick, Raymond	8,644	10.5705	91,371.56	20.89	32,973.62
Freeman, Thomas	21,057	9.9439	209,389.46	12.46	114,008.22
Frey, Paul	13,168	12.9004	169,878.16	21.90	58,356.86
Gaskill, William	33,146	12.9004	427,593.00	17.20	184,745.83
Giffin, Daniel	15,609	9.9439	155,212.93	16.24	70,277.07
Gilmsby, Tim	16,913	12.9004	218,178.77	25.61	62,539.52
Guttman, Lester	9,830	9.9439	97,747.15	19.26	38,194.27
Hall, James	31,820	12.3529	393,072.20	14.78	191,114.88
Hald, Larry	30,456	12.6299	384,661.67	9.13	246,388.60
Hall, William	12,064	9.9439	119,967.49	14.61	58,814.97
Hall, Harry	25,671	12.9004	331,165.22	15.09	158,598.18
Hartman, Kevin	38	12.6299	485.41	24.84	144.47
Jackson, John	28,790	12.9004	371,402.88	17.37	159,142.85
Johnson, Lester	25,671	12.9004	331,165.22	14.57	162,673.43
Kiefer, Robert	37,110	12.9004	478,735.99	11.89	268,012.66
Kiesler, John	18,830	12.9004	242,917.12	23.34	77,785.72
King, Steven	15,465	12.9004	199,503.79	26.48	54,809.84
Knight, Robert	12,152	12.9004	156,759.63	21.97	53,666.75
Kuhn, Gregory	18,265	12.9004	235,626.15	21.93	80,824.34
Larson, Robert	31,668	12.9004	408,534.12	13.99	206,438.19
Loft, Harry	30,466	12.9004	393,022.77	20.99	141,141.37
Ma, Ronald	24,952	12.9004	321,888.97	18.35	131,486.89
Martinez, Elmer	23,454	12.9004	302,571.30	22.70	99,961.01
Mendoza, Carlos	4,563	12.9004	58,865.14	27.44	15,432.06
Melies, Steven	4,449	12.6299	56,189.79	22.38	18,855.62
Moraine, Michael	8,294	12.9004	106,998.09	28.16	27,082.29
Parquette, Kevin	2,101	12.9004	27,107.36	26.43	7,465.42
Pringle, Clifton	3,785	12.9004	48,828.75	23.24	15,712.17
Priddy, Thomas	4,703	12.3529	58,089.85	22.39	19,483.72
Rowe-Smalley, Donna	25,655	12.9004	330,954.52	21.77	114,413.50
Russell, Mark	8,701	12.9004	112,248.92	27.98	28,661.94
Russell, Robert	6,050	12.9004	78,045.13	23.62	24,652.14
Schumacher, David	27,559	12.9004	355,524.45	14.18	177,993.94
Stiles, Ronald	25,166	12.9004	324,646.22	14.67	158,695.03
Stofsky, Daniel	13,453	12.9004	173,549.43	24.76	51,853.27
Stofsky, Woldemar	9,917	12.9004	127,928.27	26.09	35,821.00
Stovall, Carl	8,265	12.9004	106,615.79	29.35	25,463.35
Stovall, John	14,655	12.9004	189,053.20	23.05	61,400.33
Stovall, John					4,476,833.72

PARTICIPANT	EXCESS MAXIMUM BENE- FIT	AFTER TAX CONTRIBUTIONS	EXCESS MAXIMUM BENE- FIT	PREVIOUS COLUMN
	ACTUAL DISTRIBUTION AT 12/31/86		OVER ACTUAL DISTRIBUTION, NET OF AFTER TAX CONTRIBUTIONS AT 12/31/86	ADJUSTED FOR INTEREST (5%) TO 08/31/92
Mark	16,098.43	6,173.69	22,272.12	29,355.74
Apolonia-Kozen, Sharrane	31,893.72	8,580.06	40,473.78	53,372.44
Assenmacher, Gregory	11,637.78	5,960.96	17,598.74	23,207.32
Cher, Richard	90,388.86	13,762.06	104,150.92	137,342.97
Barley, George	23,978.26	5,592.10	29,570.36	38,994.19
Bennett, Steven	14,361.78	3,179.30	17,541.08	23,131.28
Boit, Lynden	(755.37)	0.00	(755.37)	(996.10)
Bellow, Rusty	30,966.68	8,184.81	39,151.49	51,628.75
Christian, Joanne	(747.03)	0.00	(747.03)	(985.10)
Cordova, Delmer	77,663.15	11,300.48	88,963.63	117,315.61
Cogill, Stephen	17,447.11	6,649.00	24,096.11	31,775.34
Cruz, Theodore	83,595.60	14,615.17	98,210.77	129,446.57
Currie, Martyn	118,885.09	14,862.67	133,747.76	176,372.08
Daley, Michael	41,153.97	8,254.37	49,408.34	65,154.38
Devore, Victoria	4,345.15	1,735.28	6,080.43	8,018.21
Dipilato, Marvin	(767.65)	0.00	(767.65)	(1,012.29)
F., Raymond	13,224.14	3,365.51	16,589.65	21,865.97
Fleming, Thomas	69,990.78	10,669.88	80,660.66	106,314.67
Frey, Paul	27,410.85	6,688.91	34,099.76	44,967.08
G. Kill, William	118,126.49	16,576.17	134,702.66	177,631.30
Giffin, Daniel	34,995.16	8,100.01	43,095.17	56,829.25
Grimsby, Tim	24,874.55	8,753.25	33,627.80	44,344.71
Guttmann, Lester	13,318.57	4,800.12	18,118.69	23,892.97
Hall, James	128,135.48	15,551.32	143,686.80	189,478.61
Head, Larry	176,997.42	17,874.41	194,871.83	256,975.90
Heard, William	29,979.20	5,521.27	35,500.47	46,791.35
Hill, Cory	106,830.69	12,996.21	119,826.90	157,937.68
Indriaco, Kevin	(526.48)	0.00	(526.48)	(694.26)
Jackson, John	100,563.91	14,315.78	114,879.69	151,490.91
Jackson, Lester	103,684.15	15,244.94	118,929.09	156,830.82
Kiefer, Robert	186,830.18	20,730.21	207,560.39	273,708.20
Kiesler, John	37,661.90	9,463.91	47,125.81	62,144.42
King, Steven	51,835.70	0.00	51,835.70	68,355.32
Knight, Robert	24,576.25	5,601.52	30,177.77	39,795.18
Kum, Gregory	41,589.04	8,733.12	50,322.16	66,359.42
Larson, Robert	134,803.61	18,303.66	153,107.27	201,901.31
Loftis, Harry	83,852.17	14,103.60	97,955.77	129,173.48
Ma, Ronald	76,113.54	14,134.81	90,248.35	119,009.76
Martinez, Elmer	51,264.19	12,040.06	63,304.25	83,478.80
Mendoza, Carlos	1,049.31	1,761.67	2,810.98	3,706.82
Melies, Steven	5,060.06	1,736.03	6,796.09	8,957.58
Mordine, Michael	5,751.88	3,877.15	9,629.03	12,697.72
Parquette, Kevin	(464.79)	0.00	(464.79)	(612.91)
Pringle, Clifton	15,712.17	0.00	15,712.17	20,719.51
Rix, Thomas	4,899.09	1,825.42	6,724.51	8,867.56
Rowe-Smalley, Donna	60,008.83	13,817.38	73,826.21	97,354.02
Russell, Mark	6,339.37	4,160.62	10,499.99	13,839.50
Russell, Robert	8,199.87	2,401.70	10,601.57	13,980.20
Schumacher, David	174,076.91	84.23	174,161.14	229,664.88
Stitts, Ronald	100,704.82	14,933.85	115,638.67	152,417.39
Stucky, Daniel	20,277.04	6,965.64	27,242.68	35,924.70
Woldmyr	11,146.28	4,884.23	16,030.51	21,139.30
Taws, Cheryl	4,189.09	3,909.02	8,098.11	10,678.91
Ten, John	27,706.22	7,546.01	35,252.23	46,486.83
Totals			3,061,254.74	4,036,526.25

**WILLIAM M.
MERCER**
INCORPORATED

RECEIVED JAN 18 1994

April 7, 1993

Via "Fax"
721-1083

Ms. Mary A. Brauer, Esq.
Reinhart, Boerner, Van Deuren,
Norris & Rieselbach, P.C.
8400 E. Prentice, Penthouse
Englewood, Colorado 80111

Re: City of Grand Junction

Dear Mary:

We have reviewed the participant data supplied for the City of Grand Junction to determine whether the allocations under the money purchase plan and the benefits accrued under the defined benefit plan exceed the Section 415 limits.

General Principles

The Section 415 limits should not generally present a problem for these plans. First, the limits of Section 415 should be viewed in the general framework of the regulations prohibiting discrimination in favor of highly compensated employees, and there are no highly compensated employees in these plans. Second, state and local governments were given the opportunity to elect that Section 415 limits would not apply to benefits earned before October 14, 1987 by §415(b)(10). The participation of these employees in the statewide Fire and Police Pension Association had ended by that date.

Defined Benefit Limitation

We understand that an actuary from another firm conducted a review of the defined benefit accruals and concluded that there was a potential problem with the §415(b) limits. That review compared the pension benefit equivalent of the total distribution from the state Fire and Police Pension Association plan in 1986/1987 against the 415(b) limits of \$90,000 or 100% of three-year average pay. A potential problem appeared for participants with less than two years of service, because the limits were prorated for less than 10 years of participation service.

This approach missed the de minimus rule of §415(b)(4), which states that the 415(b) limits do not affect a participant with an annual retirement benefit of \$10,000 or less. The de minimus rule does apply to these employees since they had never been covered by a defined contribution plan at the time the

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1700 Lincoln Street Suite 3300
Denver CO 80203

303 831 7100

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**WILLIAM M.
MERCER**
INCORPORATED

Ms. Mary A. Brauer, Esq.
Reinhart, Boerner, Van Deuren
Norris & Rieselbach, P.C.
Re: City of Grand Junction
April 7, 1993
Page Two

defined benefit accrued. This de minimus amount is reduced for fewer than ten years of participation service, but not below \$1,000. Only one of the short-service members identified exceeded \$1,000 in annual benefits. According to the data provided, Kevin Paquette received an allocation of \$7,930 after only 1.48 years of service in FPPA at an average salary of \$20,855. We have not been able to verify this data, which seems inconsistent.

Combined Limitations

We have also tested the combined limitations of §415(e) on the annual additions to the money purchase plan and the accruals in the pension plan. Since the money purchase plan replaced the defined benefit plan and no one participated in both plans concurrently, there should not be a problem here. The highest annual compensation received by any of the participants in 1986 was \$39,151. Because of this, the less stringent test that uses a denominator of 1.4 times the pay limit will apply. The defined contribution fraction will be at most $(25\% \text{ of salary}) / (1.4 \times 25\% \text{ of salary})$, or 71%.

We were provided historical data for the five short-service employees identified as potential problems because of the 415(b) limit. These short-service employees would be the worst case because their defined contribution fraction at the end of 1987 uses only a single year of participation service in the denominator. Long-service employees would have lower defined contribution fractions because they are covered by the defined contribution plan for a small portion of their careers.

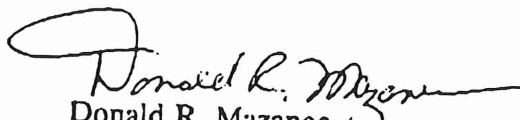
The attached exhibit shows the calculation of the defined benefit fraction for the five employees identified as potential problems. In applying this test, we have projected the annual defined benefit at age 65 that is equivalent to the amount distributed from FPPA, and compared that to the 415 limit at age 65. This gives substantially the same result as calculating both the benefit and the limit at each individual's normal retirement date. We calculated the defined benefit fraction by dividing by $1.4 \times 100\%$ of three-year average compensation. The only employee whose total defined benefit and defined contribution fractions could exceed 1.0 is Kevin Paquette, who was discussed above.

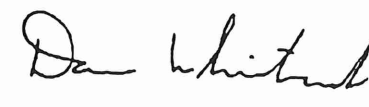
**WILLIAM M.
MERCER**
INCORPORATED

Ms. Mary A. Brauer, Esq.
Reinhart, Boerner, Van Deuren
Norris & Rieselbach, P.C.
Re: City of Grand Junction
April 7, 1993
Page Three

If you have any questions about this analysis, please do not hesitate to call.

Sincerely,


Donald R. Mazanec
Principal


Daniel R. Whitnah, F.S.A.
Associate

DRM:DRW:DKD:jlj

cc: Ms. Claudia Hazelhurst

gr4_415.let.drw

**City of Grand Junction
Section 415(e) Combined Limits
Calculation of DB Fractions**

Member	(1) FPPA Distribution	(2) Projected Age 65 Benefit	(3) 3-year Average Salary	(4) Prorata over 10 years	(5) DB Fraction $(2)/(1.4 \times (3) \times (4))$
Lynden Benoit	\$1,006	\$311	\$17,162	0.1	13%
Marvin Diplato	\$1,006	\$378	\$17,162	0.1	16%
Kevin Imbriaco	\$671	\$372	\$15,013	0.1	18%
Kevin Paquette	\$7,930	\$4,850	\$20,855	0.2	83%
Joanne Christian Williams	\$1,006	\$437	\$17,162	0.1	18%

Final 11/18

Final - Final!

AMENDED
CITY OF GRAND JUNCTION, COLORADO
NEW HIRE POLICE
MONEY PURCHASE DEFINED CONTRIBUTION PLAN
(October, 1992)

Effective January 1, 1987

EXHIBIT "D"

CITY OF GRAND JUNCTION, COLORADO
NEW HIRE POLICE
MONEY PURCHASE DEFINED CONTRIBUTION PLAN
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AMENDED
CITY OF GRAND JUNCTION, COLORADO
NEW HIRE POLICE
MONEY PURCHASE DEFINED CONTRIBUTION PLAN
(October, 1992)

Effective January 1, 1987, the City of Grand Junction, Colorado establishes the City of Grand Junction, Colorado New Hire Police Money Purchase Defined Contribution Plan for the exclusive benefit of certain employees and their beneficiaries, to read as follows:

ARTICLE I
DEFINITIONS

1.1 General. The rights of a Participant who terminates Employment on or after the Effective Date shall be governed by the Plan as in effect at the time of such termination of Employment.

1.2 Beneficiary. The individual designated by the Participant, according to section 6.3(c), to receive distribution of the Participant's Account upon death.

1.3 Board of Retirement ("Board"). The Board of Retirement appointed, in accordance with all applicable statutes or ordinances, to oversee the Plan's operations. The Board consists of five individuals: the City Manager, the Finance Director, and the Personnel Manager or other person designated by the City Manager (these three members may be referred to as "City Board members"), and two Participant members who are elected for three year terms by vote of the Participants (these three Board members may be referred to as "Employee Board members"). The initial term of one Employee Board member shall be two years.

1.4 Break in Service. A twelve (12) consecutive month Period of Severance.

1.5 Code. The Internal Revenue Code as amended from time to time and the regulations and rulings in effect thereunder.

1.6 Compensation. The total base pay including Participant contributions to this Plan which are "picked up" by the Employer, contributions to voluntary deferred compensation plan(s), any amounts voluntarily contributed to an I.R.C. Section 125 "Cafeteria Plan," and pay for authorized leave taken in the normal course of employment. Compensation shall not include overtime pay, uniform allowances, accumulated leave pay, and other forms of extra pay. Compensation for any Plan Year will be limited to the first \$200,000 of Compensation (or such other amount determined in accordance with Code section 415(d)).

1.7 Defined Benefit Plan. A Plan under which a Participant's benefit is determined by a formula contained in the Plan under which no individual accounts are maintained for Participants.

1.8 Defined Contribution Plan. A Plan under which individual accounts are maintained for each Participant to which all contributions, forfeitures, investment income and gains or losses, and expenses are credited or deducted. A Participant's benefit under such Plan is based solely on the fair market value of his or her account balance.

1.9 Disability. Either an Occupational Disability or a Total Disability. Occupational Disability means a disability resulting in an incapacity to perform assigned duties and expected, with reasonable medical probability, to exist for at least one year. Total Disability means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a period not less than twelve (12) months.

1.10 Effective Date. January 1, 1987.

1.11 Employee. Employee shall mean any individual employed as a full-time, paid, sworn police officer of the City of Grand Junction Police Department.

1.12 Employer. The City of Grand Junction, Colorado.

1.13 Forfeiture. The portion of a Participant's Account which, according to Article VIII, the Participant is not entitled to receive.

1.14 Fund. All contributions received by the Custodian under this Plan and Trust, investments thereof and earnings and appreciation thereon.

1.15 [INTENTIONALLY LEFT BLANK]

1.16 Limitation Year. The calendar year or such other 12-consecutive month period designated by the Employer for purposes of determining the maximum annual addition to a Participant's account.

1.17 Mandatory Employee Pre-Tax Contributions. Employer's Contributions made to the Plan on behalf of the Participant, which are designated as Employer contributions pursuant to section 414(h)(2) of the Code in lieu of cash compensation.

1.18 Normal Retirement Age. Age 55.

1.19 Participant. Any Employee who has met the eligibility requirements and is participating in the Plan.

1.20 Period of Separation. A period of time commencing with the date a Participant separates from service as an Employee and ending with the date such Employee resumes employment with Employer as an Employee.

1.21 Period of Service. For purposes of determining a Participant's initial or continued eligibility to participate in the Plan or a Participant's vested interest in the Participant's Employer Contribution Account, a Participant shall be credited for the time period commencing with the Participant's first day of employment as an Employee and ending on the date a Period of Severance begins. A Period of Service for these purposes includes any Period of Separation of less than twelve (12) consecutive months. In the case of a Participant who separates from service as an Employee and later resumes employment as an Employee, the Period of Service prior to the Participant's resumption of employment shall be aggregated only if such Participant is a Re-employed Individual as described in section 8.4.

1.22 Period of Severance. A period of time commencing with the earlier of:

(a) the date a Participant separates from service as an Employee by reason of quitting, retirement, death, or discharge; or

(b) the date twelve (12) months after the date a Participant separates from service as an Employee and ending, in the case of a Participant who separates from service as an Employee by reason other than death, with the date such Participant resumes employment as an Employee.

1.23 Plan. The City of Grand Junction, Colorado New Hire Police Money Purchase Defined Contribution Plan as established by the provisions in this document.

1.24 Plan Administrator. The Board of Retirement.

1.25 Plan Year. The calendar year.

1.26 Qualified Deferred Compensation Plan. Any pension, profit sharing, or other plan which meets the requirements of section 401 of the Code which includes a trust exempt from tax under section 501(a) of the Code and any annuity plan described in section 403(a) of the Code.

1.27 Rollover Contribution. A contribution made by a Participant of an amount distributed to such Participant from another Qualified Deferred Compensation Plan in accordance with section 402(c) of the Code.

1.28 Spouse (Surviving Spouse). The spouse or surviving spouse of the Participant, provided that a former spouse will be treated as the spouse or surviving spouse and a current spouse will not be treated as the spouse or surviving spouse to the extent provided under a qualified domestic relations order as described in section 414(p) of the Code.

1.29 Custodian. An entity selected by the Board of Retirement in accordance with the procedures of Section 10.2 that has custody of all Plan assets, performs participant record keeping functions, executes the instructions of the Board or Investment Manager with respect to transactions with Plan assets, and performs such other duties, subject to the direction and control of the Board, as may be set forth in a written agreement between the Custodian and the Board.

1.30 Valuation Date. The last day of the Plan Year and the following date(s) on which Participant accounts are revalued in accordance with Article V: March 31, June 30 and September 30.

1.31 Investment Manager. An entity selected by the Board of Retirement in accordance with the procedures of Section 10.3 that (a) has the power to manage, acquire, or dispose of Plan assets and (b) acknowledges fiduciary responsibility to the Plan in writing. Such entity must be a person, firm, or corporation registered as an investment adviser under the Investment Advisers Act of 1940, a bank, or an insurance company.

1.32 Voluntary Contribution. An Employee contribution which is not tax-deductible and which is not required as a condition for participation in the Plan.

ARTICLE II
ELIGIBILITY REQUIREMENTS

2.1 Participation. An Employee shall be eligible to participate in the Plan on the date he has attained age 21. An Employee who satisfied this eligibility requirement and subsequently terminated employment shall become a Participant immediately upon returning to the employ of the Employer as an Employee.

2.2 Employment Rights. Participation in the Plan shall not confer upon a Participant any employment rights, nor shall it interfere with the Employer's right to terminate the employment of any Employee at any time.

2.3 Change in Classification of Employment. In the event a Participant becomes ineligible to participate because he or she is no longer a member of an eligible class of Employees, such Employee shall participate immediately upon his or her return to an eligible class of Employees.

ARTICLE III
EMPLOYER CONTRIBUTIONS

3.1 Employer Contributions. The Employer shall contribute to each Participant's Plan Account an amount equal to the percentage of each Participant's Compensation that would otherwise be paid into the State of Colorado Fire and Police Pension Fund by the Employer, if the Employer was a member of such Fund, plus such additional percentage of each Participant's Compensation (if any) as established by resolution of the City of Grand Junction. However, the Employer's Contribution for any Plan Year shall be subject to the limitations on allocations contained in Article IX.

3.2 Transfer Contributions. Subject to the direction of the Employer, the Custodian is authorized to receive and add to the Trust Fund as a direct transfer assets attributable to the vested interest of any Participant in a retirement plan qualified under Code section 401(a) if such individual is a Participant in this Plan. Transfers shall be credited to the particular Participant's Transfer Account, shall always be fully vested and nonforfeitable, and shall be distributed pursuant to Article VII hereof.

3.3 Responsibility for Contribution. The Custodian shall not be required to determine if the Employer has made a contribution or if the amount contributed is in accordance with the Plan or the Code. The Employer shall have sole responsibility in this regard.

3.4 Return of Contributions. Contributions made to the Fund by the Employer shall be irrevocable, except as follows:

(a) Any contribution made to the Employer because of a mistake of fact must be returned to the Employer within one year of the contribution.

(b) In the event that the Commissioner of Internal Revenue determines that the Plan is not initially qualified under the Internal Revenue Code, any contribution made incident to that initial qualification by the Employer must be returned to the Employer within one year after the date the initial qualification is denied, but only if the application for

the qualification is made by the time prescribed by law for filing the Employer's return for the taxable year in which the Plan is adopted, or such later date as the Secretary of the Treasury may prescribe.

ARTICLE IV
EMPLOYEE CONTRIBUTIONS

4.1 Mandatory Employee Pre-Tax Contributions. A Participant shall be required to contribute toward the cost of the Plan, from amounts the Participant would otherwise receive as Compensation, an amount equal to the same percent of the Employee's Compensation that the Employer contributes according to section 3.1. The contributions shall be made by each Employee on each payroll date to the Plan. They shall be designated as Employee Contributions pursuant to section 414(h)(2) of the Code, contingent upon the contributions being excluded from the Participant's gross income for federal income tax purposes.

4.2 Voluntary Employee Contributions. A Participant may make Voluntary Contributions to the Plan. Such Voluntary Contributions will be limited as required by Article IX and Article XIV.

4.3 Rollover Contribution. A Participant may make a Rollover Contribution to the Plan of all or any part of an amount distributed or distributable to him or her from a Qualified Deferred Compensation Plan provided:

(a) the amount distributed to the Participant is transferred to the Plan no later than the 60th day after such distribution was received by the Participant; and

(b) the amount rolled over does not include any amounts contributed by the Participant to the Qualified Deferred Compensation Plan.

Such Rollover Contribution may also be made through an Individual Retirement Account (IRA) qualified under section 408 of the Code where the IRA was used as a conduit from the Qualified Deferred Compensation Plan, the Rollover Contribution is made in accordance with the rules provided under paragraphs (a) and (b) and the Rollover Contribution does not include any regular IRA contributions, or earnings thereon, that the Participant may have made to the IRA. The Custodian shall not be held responsible for determining whether Rollover Contributions made hereunder meet the requirements of this section 4.3.

ARTICLE V
PARTICIPANT ACCOUNTS

5.1 Separate Accounts. The Board shall establish a separate bookkeeping account for each Participant showing the total value of his or her interest in the Fund. Each Participant's Account shall be separated for bookkeeping purposes into the following sub-accounts:

(a) Employer Contributions.

(b) Transfer Contributions, which shall include sub-accounts as necessary for employer contributions, after-tax employee contributions and before-tax employee contributions.

(c) Mandatory Employee Contributions.

(d) Voluntary Employee Contributions.

(e) Rollover Contributions.

5.2 Adjustments To Participant Accounts. As of each Valuation Date of the Plan, the Board shall credit to or deduct from each Account:

(a) the Participant's share of the Employer's Contribution and forfeitures,

(b) any Employee Contributions made by the Participant since the last Valuation Date,

(c) withdrawals, and

(d) the Participant's proportionate share of any investment earnings and increases or decreases in the fair market value of the Fund since the last Valuation Date.

All allocations made hereunder will be made in a nondiscriminatory manner. Accounts with segregated investments shall receive only the income or loss on such segregated investments. Terminated Participant's vested account balances shall be credited with any investment earnings and increase or decrease in the fair market value of the Fund until the Valuation Date preceding distribution. Terminated Participant's nonvested account balances shall be credited with any investment earnings and increase or decrease in the fair market value of the Fund until forfeited pursuant to section 8.6.

5.3 Participant Statements. The Board shall at least annually prepare a statement for each Participant showing the additions to and subtractions from his or her account since the last Valuation Date and the fair market value of his or her account as of the current Valuation Date.

ARTICLE VI
ELIGIBILITY FOR BENEFITS

6.1 Retirement. If a Participant's Employment terminates for any reason on or after his Normal Retirement Age, he shall be eligible to receive the entire amount then credited to his account, which shall be fully vested and nonforfeitable.

6.2 Disability. If a Participant's Employment terminates because of his Disability at any time, he shall be eligible to receive the entire amount then credited to his account, which shall be fully vested and nonforfeitable.

6.3 Death.

(a) Before Termination of Employment. If a Participant's Employment terminates because of his death, the entire amount then credited to his account shall become fully vested and nonforfeitable and payable pursuant to subsection 6.3(c).

(b) After Termination of Employment. If a Participant (including a former Participant) dies after terminating Employment, the Plan shall pay the then undistributed vested balance, if any, of the Participant's account pursuant to subsection (c) below.

(c) Recipient of Payment After Death and Timing of Payment. Each Employee, upon becoming a Participant and on a form provided by the Plan and filed with the Board, may designate a Beneficiary and may, in addition, name a contingent Beneficiary. Any Participant may at any time revoke or change his designation of Beneficiary by filing a written notice of the revocation or change with the Board. The Plan shall distribute benefits payable pursuant to subsection (a) or (b) above to the deceased Participant's Beneficiary identified pursuant to a Beneficiary designation in effect at the time of his death or, if no such designation exists, to the Participant's surviving spouse or, if none, to his estate. Distribution on account of the death of a Participant shall occur in a single lump sum within ninety (90) days of the Participant's death or as soon as is administratively feasible.

(d) Proof of Death. The Board may require such proper proof of death and such evidence as to a person's right to receive payment from a deceased Participant's account as the Board reasonably deems appropriate.

6.4 Termination of Employment Before Retirement, Disability or Death. If a Participant's employment with the Employer terminates prior to his Normal Retirement Date for any reason other than his death or Disability, the Participant shall be eligible to receive the vested portion of his account, determined according to Article VIII.

6.5 Claims Procedures. Upon retirement, death, or other severance of employment, the Participant or representative of such Participant may request of the Board payment of benefits due and the manner of payment. If a request for benefits is made, the Board shall accept, reject, or modify such request and, in the case of a denial or modification, the Board shall:

(a) state the specific reason or reasons for the denial,

(b) provide specific reference to pertinent Plan provisions on which the denial is based,

(c) provide a description of any additional material or information necessary for the Participant or his or her representative to perfect the claim and an explanation of why such material or information is necessary, and

(d) explain the Plan's claim review procedure as contained herein.

In the event the request is rejected or modified, the Participant or his or her representative may within 60 days following receipt by the Participant or representative of such rejection or modification, submit a written request for review by the Board of its initial decision. Within 60 days following such request for review, the Board shall render its final decision in writing to the Participant or representative stating specific reasons for such decision. If the Participant or representative is not satisfied with the Board's final decision, the Participant or representative can institute an action in a federal court of competent jurisdiction; for this purpose, process would be served on the Board.

6.6 Disposition of Unclaimed Payments. If the Custodian is unable to make any payment due under the Plan to any person because it does not know the identity or post office address of such person, the Custodian shall suspend all further payments until it has received written direction from the Board.

ARTICLE VII
PAYMENTS

7.1 Commencement of Payments. The distribution of all or any portion of a Participant's account shall commence in accordance with the Participant's election, not earlier than termination of the Participant's employment with the Employer (unless specifically authorized elsewhere herein). Distribution of a Participant's account shall commence no later than the April 1st of the calendar year following the later of (a) the calendar year in which the Participant attains age 70-1/2 or (b) the calendar year in which the Participant's employment with the Employer terminates. Distributions shall be made in accordance with Treasury Regulations under Internal Revenue Code section 401(a)(9).

7.2 Method of Payment. Distribution in relation to a Participant shall occur in cash, in one of the following methods as chosen by the Participant:

(a) Lump Sum. A single, lump sum distribution of the entire amount in the Participant's account which he is entitled to receive paid to the Participant or, if appropriate according to other provisions hereof, to his Beneficiary or Beneficiaries or to any other retirement plan or trust covering such Participant provided such plan and trust qualify according to sections 401(a) and 501(a) of the Code and provided that the Participant's rights to the amount transferred from this Plan shall always remain fully vested and nonforfeitable. Payment shall be in a lump sum if the value of the Participant's vested account (before payments begin) is less than \$5,000.

(b) Installment Payments. In substantially equal monthly, quarterly, semiannual or annual payments, not to exceed ten (10) years.

7.3 Changes in Payments. A Participant may not change the form of payment after he has begun to receive payment of his benefits from the Plan.

7.4 In-Service Withdrawals.

(a) Voluntary Contributions and Rollover Contributions. A Participant who is employed by the Employer may withdraw all or any part of his or her account attributable to Voluntary Contributions or Rollover Contributions upon written request to the Board.

(b) Other Requirements. Such request shall include the Participant's address, social security number, birth date, and amount of the withdrawal. A Participant who elects an in-service withdrawal of his or her Voluntary Contributions shall not be permitted to make a further Voluntary Contribution for a period of one year from the date of the withdrawal.

ARTICLE VIII
VESTING

8.1 Employee Contributions. A Participant shall always have a 100% vested and nonforfeitable interest in his or her Mandatory Employee Pre-Tax Contributions and Rollover Contributions plus the earnings thereon. No forfeiture of Employer related contributions will occur solely as a result of an Employee's withdrawal of any Employee Contributions.

8.2 Employer Contributions. A Participant shall vest in his or her account attributable to Employer Contributions in accordance with the table stated below, provided that if a Participant is not already fully vested, he or she shall become so upon attaining Normal Retirement Age, upon death prior to Normal Retirement Age, upon retirement due to Disability, or upon termination of the Plan. Years referred to in this table are 12 months (365 days) during a Period of Service as a Participant.

<u>Years of Service</u>	<u>Percentage Vested and Nonforfeitable</u>
Less than 2 years	0%
2 years	25%
3 years	50%
4 years	75%
5 years	100%

8.3 Vesting in Account Left behind after Break in Service. If a Participant (whether or not the Participant is a "Re-Employed Individual" as defined in section 8.4) resumes employment as an Employee after a Break in Service, any subsequent Period of Service shall be disregarded in determining the vested interest in the Participant's Employer Contribution Account accrued prior to such Break in Service.

8.4 Vesting in New Account of Re-employed Individual. If a Participant is a Re-employed Individual, the Period of Service prior to the Participant's separation from employment as an Employee shall be aggregated in determining the vested interest in the Participant's Employer Contribution Account accrued after the Participant's re-employment as an Employee. For purposes of applying this rule, a "Re-employed Individual" is a person who, after having separated from service as an Employee, resumes employment as an Employee.

8.5 Calculating Vested Interest. A Participant's vested interest shall be calculated by multiplying the fair market value of his or her account attributable to Employer Contributions on the Valuation Date preceding payment by the vested percentage as of the date his or her employment as an Employee terminates.

8.6 When Forfeiture Occurs. A Participant's forfeiture, if any, of his or her nonvested account balance derived from Employer Contributions shall occur as of the date of the Participant's separation from employment with the Employer as an Employee.

8.7 Reallocation of Forfeiture. Forfeitures shall be applied, first to defray administrative expenses of the Plan and, second, to reduce Employer Contributions, and shall be reallocated as of the last day of the Plan Year in which the forfeiture occurs.

8.8 Amendment of Vesting Schedule. No amendment to the Plan shall be effective to the extent that it has the effect of decreasing a Participant's accrued benefit. For purposes of this paragraph, a Plan amendment which has the effect of decreasing a Participant's account balance, with respect to benefits attributable to service before the amendment shall be treated as reducing an accrued benefit. Furthermore, if the vesting schedule of a Plan is amended, in the case of an Employee who is a Participant as of the later of the date such amendment is adopted or the date it becomes effective, the nonforfeitable percentage (determined as of such date) of such Employee's right to his Employer-derived accrued benefit will not be less than his percentage computed under the Plan without regard to such amendment.

ARTICLE IX
LIMITATIONS ON ALLOCATIONS

9.1 Maximum Limits on Allocations.

(a) Maximum Annual Additions. The maximum contributions and other additions for a Participant under this Plan for any Limitation Year shall not exceed, when expressed as an annual addition to the Participant's account, and when added to the annual additions to the Participant's account for the Limitation Year under all other defined contribution plans and all welfare benefit funds, as defined in Internal Revenue Code section 419(e), and any individual medical account, as defined in Internal Revenue Code section 415(1), maintained by the Employer, the lesser of:

(i) \$30,000 or such other limit specified by the Secretary of the Treasury or his delegates then applying to annual additions, or

(ii) 25% of the Compensation paid, made available or properly accrued to the Participant by the Employer in such year.

The Compensation limitation referred to in (ii) shall not apply to any contribution for medical benefits (within the meaning of section 401(h) or section 419A(f)(2) of the Code) which is otherwise treated as an annual addition under section 415(1)(1) or 419A(d)(2) of the Code.

(b) Definition of Compensation. For purposes of this Article IX, Compensation shall mean wages, salaries, and fees for professional services and other amounts received for personal services actually rendered in the course of employment with the Employer maintaining the Plan (including, but not limited to, commissions paid salesmen, compensation for services on the basis of a percentage of profits, commissions or insurance premiums, tips and bonuses), and excluding the following:

(i) Employer Contributions to a plan of deferred compensation which are not includable in the Employee's gross income for the taxable year in which contributed, or Employer Contributions under a simplified employee pension plan to the extent such contributions are deductible by the Employee, or any distributions from a plan of deferred compensation;

(ii) Other amounts which received special tax benefits, including contributions to a section 125 plan or contributions made by the Employer (whether or not under a salary reduction agreement) towards the purchase of an annuity described in section 403(b) of the Code (whether or not the amounts are actually excludable from the gross income of the Employee).

For purposes of applying the limitations of this Article, Compensation for a Limitation Year is the Compensation actually paid or includable in gross income during such year.

(c) Definition of Annual Addition. For the purposes of this Article IX, "annual addition" shall mean the sum allocated to a Participant's account for any Limitation Year of:

(i) Employer Contributions;

(ii) Employee Contributions;

(iii) Forfeitures;

(iv) Amounts derived from contributions paid or accrued after December 31, 1985, in taxable years ending after such date, which are attributable to post-retirement medical benefits allocated to the separate account of a Key Employee, as defined in Internal Revenue Code section 419A(d)(3), under a welfare benefit fund, as defined in Code section 419(e), maintained by the Employer; and

(v) Amounts allocated after March 31, 1984 to an individual medical account (as defined in Internal Revenue Code section 415(1)(1)) which is part of a pension or annuity plan maintained by the Employer.

The term "annual addition" shall not include the allocation to a Participant's account of income or rollovers according to section 4.3.

(d) For purposes of this Article IX, "Employer" means the Employer that adopts this Plan.

9.2 Disposition of Excess Annual Additions. If, due to a reasonable error in estimating a Participant's Compensation or other reasons acceptable to the Commissioner of Internal Revenue, or as a result of the allocation of forfeitures, an amount in excess of the limit described in section 9.1 is allocated to a Participant's account, the excess will be disposed of as follows

(attributing all excess amounts to this Plan first, if multiple plans are involved).

(a) To the extent they would reduce the excess amount, any Voluntary Contributions will be returned to the Participant.

(b) If after the application of paragraph (a) an excess amount still exists, and the Participant is covered by the Plan at the end of the Limitation Year, the excess amount in the Participant's account will be used to reduce Employer Contributions (including any allocation of forfeitures) for such Participant in the next Limitation Year, and each succeeding Limitation Year if necessary.

(c) If after the application of paragraph (a) an excess amount still exists, and the Participant is not covered by the Plan at the end of the Limitation Year, the excess amount will be held unallocated in a suspense account. The suspense account will be applied to reduce future Employer contributions (including allocation of any forfeitures) for all remaining Participants in the next Limitation Year, and each succeeding Limitation Year if necessary. If a suspense account is in existence at any time during a Limitation Year pursuant to this section, it will not participate in the allocation of the Trust's investment gains and losses. If a suspense account is in existence at any time during a particular Limitation Year, all amounts in the suspense account must be allocated and reallocated to Participants' accounts before any Employer or any Employee contributions may be made to the Plan for that Limitation Year. Excess amounts may not be distributed to Participants or former Participants.

9.3 Participation in This Plan and a Defined Benefit Plan. If the Employer maintains, or at any time maintained, a qualified Defined Benefit Plan covering any Participant in this Plan, the sum of the defined benefit plan fraction and the defined contribution plan fraction for each Limitation Year may not exceed 1.0.

(a) Defined Benefit Fraction. For the purposes of this section, the Defined Benefit Plan fraction for each Limitation Year shall include a numerator equaling the projected annual benefit of the Employee under all Defined Benefit Plans maintained by the Employer (whether or not terminated), determined as of the close of the year, and a denominator equaling the lesser of (i) 125% of the dollar limitation imposed upon such benefits by the Internal Revenue Code for such year or

(ii) 140% of his average annual Compensation for the three consecutive Limitation Years (determined according to section 415 of the Internal Revenue Code) during which he both participated in the Defined Benefit Plan and received, his highest Compensation from the Employer. An Employee's "projected annual benefit" for this calculation is the annual retirement benefit (adjusted to an actuarially equivalent straight life annuity if such benefit is expressed in a form other than a straight life annuity or qualified joint and survivor annuity) to which the Participant would be entitled under the terms of the Plan assuming:

(i) the Participant will continue employment until normal retirement age under the Plan (or current age, if later), and

(ii) the Participant's Compensation for the current Limitation Year and all other relevant factors used to determine benefits under the Plan will remain constant for all future Limitation Years.

If the Participant was a Participant as of the first day of the first Limitation Year beginning after December 31, 1986, in one or more Defined Benefit Plans maintained by the Employer which were in existence on May 6, 1986, the denominator of this fraction will not be less than 125% of the sum of the annual benefits under such plans which the Participant had accrued as of the close of the last Limitation Year beginning before January 1, 1987, disregarding any changes in the terms and conditions of the Plan after May 5, 1986. The preceding sentence applies only if the Defined Benefit Plans individually and in the aggregate satisfied the requirements of section 415 of the Code for all Limitation Years beginning before January 1, 1987.

(b) Defined Contribution Fraction. For purposes of this section, the Defined Contribution Plan fraction for each Limitation Year is a fraction, the numerator of which is the sum of the annual additions to the Participant's account under all the Defined Contribution Plans (whether or not terminated) maintained by the Employer for the current and all prior Limitation Years (including the annual additions attributable to the Participant's nondeductible Employee Contributions to all Defined Benefit Plans, whether or not terminated, maintained by the Employer and the annual additions attributable to all welfare benefit funds and individual medical accounts, as defined in section 415(1)(2) of the Code, maintained by the Employer), and the denominator of which is the sum of the maximum aggregate amounts for the current and all prior Limitation Years of service

with the Employer (regardless of whether a Defined Contribution Plan was maintained by the Employer). The maximum aggregate amount in any Limitation Year is the lesser of 125% of the dollar limitation in effect under section 415(c)(1)(A) of the Code or 35% of the Participant's Compensation for such year.

ARTICLE X
ADMINISTRATION

10.1 Employer. The Employer's duties with respect to the Plan shall include but are not limited to appointing the Plan's attorney, accountant, actuary, and any other party needed to administer the Plan, and reviewing and approving any financial reports, investment review, or other reports prepared by any party appointed by the Employer. The Board may purchase indemnification or insurance for the Board and its members.

10.2 Board.

(a) Powers and Duties of Board. The Board shall administer the Plan and shall have all powers necessary for that purpose, including, but not by way of limitation, power to interpret the Plan, to communicate with Employees regarding their participation and benefits under the Plan, to administer claims procedures, to determine the eligibility, status and rights of all persons under the Plan, to determine eligibility for and terms of Plan loans to Participants, and in general to decide any dispute over benefit amounts. The Board shall have full discretionary authority to determine eligibility for benefits and to construe the terms of the Plan. The Board shall select investment manager(s) for the Plan assets, shall select the Custodian and shall direct the Custodian concerning all distributions from the Fund, all in accordance with the provisions of the Plan. The Board shall file any returns and reports with the Internal Revenue Service, Department of Labor, or any other governmental agency, establish a statement of investment policies consistent with the purposes of the Plan and shall maintain all Plan records. The Board shall be agent of the Plan for service of all process.

(b) Meetings. The Board shall meet whenever required for the orderly and timely administration of the business of the Plan at such location as may be acceptable to the Board. The Chairman, Secretary or any two Board members may call meetings of the Board. Any meeting shall be called upon at least 10 days written notice, which notice shall specify the date, time and place of such meeting, and may specify the purpose and any action proposed to be taken. If a quorum is not present at any duly called meeting, those Board members present may adjourn such meeting until a date, time and place not sooner than five days later. A written notice stating the date, time and place of any meeting or adjourned meeting shall be sent to all Board members. Whenever any notice is required to be given to any Board member, a waiver of notice in writing, signed at any time, whether before or after the time of meeting by the Board members entitled to

such notice, shall be deemed equivalent to the giving of such notice. The attendance of a Board member at a meeting shall constitute a waiver of notice of such meeting, except where a Board member attending a meeting objects to the transaction of any business because the meeting is not lawfully called or convened.

(c) Informal Action by Board. Provided there are at least two of the authorized City Board members then serving, any action which may be taken at a meeting of the Board may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the Board members then serving and entitled to vote with respect to that subject matter. OK

(d) Quorum. A quorum for the transaction of business at a duly called meeting shall consist of two of the authorized City Board members and one of the authorized Employee Board members.

(e) Voting. All actions by and decisions of the Board shall be by the vote of a majority of the number of the Board members attending and voting at a duly called meeting of the Board at which there is a quorum present. Anything in this section to the contrary notwithstanding, the unanimous written consent of the Board members shall be required for any action pursuant to subsection (c). Each Board member shall have one vote.

(f) Organization and Operation of Board. At the commencement of each year, the Board members shall select from among them a Chairman and a Secretary who shall each serve for a period of one year. One office shall be filled by a City Board member and one office shall be filled by an Employee Board member. The offices of Chairman and Secretary shall be rotated annually between City Board member and Employee Board member. The Secretary shall be responsible to determine that an accurate record of all actions of the Board, including minutes from all Board meetings, are maintained. A copy of such minutes shall be retained as a record of the Plan and one copy thereof shall be distributed to each Board member.

10.3 Investment Manager. An Investment Manager selected by the Board shall be responsible for the administration of investments held in the Fund. These duties shall include:

(a) implementing an investment program based on the Board's statement of investment policies,

(b) receiving contributions under the terms of the Plan,

(c) making distributions from the Fund in accordance with written instructions received from an authorized representative of the Board, and

(d) keeping accurate records reflecting its administration of the Fund and making such records available to the Employer for review and audit. Within 90 days after each Plan Year, and within 90 days after its removal or resignation, the Custodian shall provide to the Board an accounting of its administration of the Fund during such year or from the end of the preceding Plan Year to the date of removal or resignation. Such accounting shall include a statement of cash receipts and disbursements since the date of its last accounting and shall contain an asset list showing the fair market value of investments held in the Fund as of the end of the Plan Year. The value of marketable investments shall be determined using the most recent price quoted on a national securities exchange or over-the-counter market. The value of non-marketable investments shall be determined in the sole judgment of the Custodian. The Board shall review the Custodian's accounting and notify the Custodian in the event of its disapproval of the report within 90 days, providing the Custodian with a written description of the items in question.

10.4 Administrative Fees and Expenses. All reasonable costs, charges and expenses incurred by the Custodian in connection with the administration of the Fund and all reasonable costs, charges and expenses incurred by the Board in connection with the administration of the Plan (including fees for legal services rendered to the Custodian or Board) shall be paid from the Fund. Such reasonable compensation to the Custodian as may be agreed upon from time to time between the Board and the Custodian shall be paid by the Fund. No compensation other than reimbursement for expenses shall be paid to a Board member.

10.5 Governing Law. Construction, validity and administration of this Plan shall be governed by Federal law to the extent applicable and to the extent not applicable by the laws of the State of Colorado.

ARTICLE XI
TRUST FUND

11.1 The Fund. The Fund shall consist of all contributions made under Article III and Article IV of the Plan and the investment thereof and earnings thereon. All contributions and the earnings thereon less payments made under the terms of the Plan, shall constitute the Fund. The Fund shall be administered as provided herein.

11.2 Control of Plan Assets. The assets of the Fund or evidence of ownership shall be held by the Custodian under the terms of the Plan and Trust.

11.3 Exclusive Benefit Rules. No part of the Fund shall be used for, or diverted to, purposes other than for the exclusive benefit of Participants, former Participants with a vested interest, and the beneficiary or beneficiaries of deceased Participants having a vested interest in the Fund at death.

11.4 Assignment and Alienation of Benefits. No right or claim to, or interest in, any part of the Fund, or any payment therefrom, shall be assignable, transferable, or subject to sale, mortgage, pledge, hypothecation, communication, anticipation, garnishment, attachment, execution, or levy of any kind, and the Custodian shall not recognize any attempt to assign, transfer, sell, mortgage, pledge, hypothecate, commute, or anticipate the same, except to the extent required by law. The preceding sentence shall also apply to the creation, assignment, or recognition of a right to any benefit payable with respect to a Participant pursuant to a domestic relations order, except that the Plan shall honor a writ of garnishment which is the result of a judgment taken for arrearages for child support or for child support debt if the writ identifies the Plan, the Participant, the amount of payment to be made from the Participant's account, the timing of payment from the Participant's account, and the name of the recipient of the payment. The Board may adopt rules regarding the sequence in which payments for child support shall be made from a Participant's various Plan sub-accounts.

11.5 Custodial Agreement. The Board shall enter into a Custodial Agreement, to provide for the holding and administration of the funds of the Plan.

ARTICLE XII
PARTICIPANT LOANS

12.1 Application. A Plan Participant may make application to the Board requesting a loan from the Fund. The Board shall have the sole right to approve or disapprove a Participant's application provided that loans shall be subject to the rules described in this Article XII and shall be made available only according to subsection 12.1(a), in the case of a Participant who has completed at least two years as of Service as a Participant, or according to subsection 12.1(b), due to the occurrence of an "unforeseeable emergency" of the Participant.

(a) A Participant who has completed a Period of Service of 24 months may borrow up to 20% of the fair market value of the Participant's vested account balance derived from Employer Contributions, Mandatory Employee Pre-Tax Contributions, Voluntary Contributions, Transfer Contributions and Rollover Contributions.

(b) A Participant who demonstrates an "unforeseeable emergency" may borrow an amount reasonably needed to satisfy such "unforeseeable emergency." An "unforeseeable emergency" is a severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the participant or of the Participant's dependent (as defined in Code Section 152(a)), loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the Participant's control. An "unforeseeable emergency" does not exist to the extent that such hardship is or may be relieved:

(i) through reimbursement or compensation by insurance or otherwise, or

(ii) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship.

Examples of what are not considered to be unforeseeable emergencies include the need to send a Participant's child to college or the desire to purchase a home.

12.2 Maximum Amount. No loan granted hereunder shall exceed the lesser of (a) \$50,000 reduced by the excess (if any) of the highest outstanding balance of loans during the one year period ending on the day before the loan is made, over the outstanding balance of loans from the Plan on the date the loan is made, or (b) an amount which, when added to the outstanding

balance of any other Plan loans to the Participant, equals one-half of the fair market value of the Participant's vested account balance derived from Employer Contributions, Mandatory Employee Pre-Tax Contributions, Voluntary Contributions, Transfer Contributions and Rollover Contributions. An assignment or pledge of any portion of the Participant's interest in the Plan will be treated as a loan under this Article XII.

12.3 Application Forms. All applications must be made on forms provided by the Board and must be signed by the Participant.

12.4 Spousal Consent. A Participant must obtain the consent of his or her spouse, if any, within the 90-day period before the time the account balance is used as security for the loan. Spousal consent must be in writing, must acknowledge the effect of the loan, and must be witnessed by a Plan representative or notary public. Such consent shall be binding on the consenting spouse or any subsequent spouse with respect to that loan. A new consent shall be required if the account balance is used for renegotiation, extension, renewal, or other revision of the loan. If a valid spousal consent has been obtained in accordance with this section 12.4, then, notwithstanding any other provision of this Plan, the portion of the Participant's vested account balance used as a security interest held by the Plan by reason of a loan outstanding to the Participant shall be taken into account for purposes of determining the amount of the account balance payable at the time of death or distribution, but only if the reduction is used as repayment of the loan. If less than 100% of the Participant's vested account balance (determined without regard to the preceding sentence) is payable to the surviving spouse, then the account balance shall be adjusted by first reducing the vested account balance by the amount of the security used as repayment of the loan, and then determining the benefit payable to the surviving spouse.

12.5 Interest on Loans. Any loan granted hereunder shall bear interest at a rate determined by the Board to be reasonable at the time of application.

12.6 Security. All loans made hereunder shall be secured by the Participant's vested account balance and by such additional collateral as may be required by the Board.

12.7 Terms of Repayment. Any loan shall by its terms require that repayment (principal and interest) be bi-weekly, by payroll deduction or by check if the Participant is not on

payroll, over a period not extending beyond five years from the date of the loan.

12.8 Principal and Interest Allocation. The principal and interest paid by a Participant on his or her loan shall be credited as a segregated investment of the Participant's account.

12.9 Payment of Loan Upon Default. A Participant's loan shall immediately become due and payable if such Participant terminates employment for any reason or fails to make a principal or interest payment when due. Upon termination of employment, the Board shall reduce the Participant's vested account balance by the principal and interest outstanding on his or her loan at the time of termination. If default occurs before the Participant's employment terminates, foreclosure on the note and attachment of security will not occur until the Participant's employment terminates. Default occurs after notice has been given by the Board to the Participant and payment in full is not made within thirty (30) days of such notice.

12.10 Approval of Application. If a Participant's loan application is approved by the Board, such Participant shall be required to sign a note, loan agreement and assignment of his or her vested interest in the Fund as collateral for the loan.

ARTICLE XIII
AMENDMENT AND TERMINATION

13.1 Amendments. The Employer, by ordinance of its City Council, shall have the right at any time, and from time to time, to:

(a) Amend this Plan in such manner as it may deem necessary or advisable in order to qualify this Plan and the Trust created in relation hereto pursuant to sections 401(a) and 501(a) of the Internal Revenue Code of 1986 and any such amendment may, by its terms, be retroactive; and

(b) Amend this Plan in any other manner.

No amendment shall authorize any part of the Trust Fund to be used for or diverted to purposes other than for the exclusive benefit of the Participants or their Beneficiaries or estates or to defray the reasonable expenses of administering the Plan; no such amendment shall cause any reduction in the vested portion of any Participant's interest in the Trust Fund or cause or permit any portion of the Trust Fund to revert to, or become property of, the Employer and no such amendment which affects the rights, duties or responsibilities of the Custodian shall be effective without the Custodian's written consent. Any such amendment shall become effective as of the effective date stated therein upon delivery of a written instrument, executed on behalf of the Employer by its proper officers duly authorized, to the Custodian and the written consent of the Custodian thereto, if such consent is required.

13.2 Termination. The Employer, by ordinance of its City Council, shall have the right to terminate the Plan upon 60 days notice in writing to the Custodian. If the Plan is terminated, partially terminated, or if there is a complete discontinuance of contributions under the Plan by the Employer, all amounts credited to the accounts of Participants shall vest and become nonforfeitable. In the event of termination, the Board shall direct the Custodian with respect to the distribution of accounts to or for the exclusive benefit of Participants or their beneficiaries.

13.3 Qualification of the Plan. The continuation of this Plan is contingent upon obtaining and retaining Internal Revenue Service qualification.

13.4 Mergers and Consolidations. In the case of any merger or consolidation of the Plan with, or transfer of assets or liabilities of the Plan to, any other plan, immediately after the

merger, consolidation, or transfer Participants in the Plan shall be credited with benefits which are equal to or greater than the benefits they would have been credited with immediately before the merger, consolidation, or transfer if the Plan had then terminated.

ARTICLE XIV
ADDITIONAL PLAN PROVISIONS GOVERNING
AFTER-TAX CONTRIBUTIONS

The following restrictions shall apply to Voluntary After-Tax Contributions only to the extent required by law.

14.1 Limitations on After-Tax Contributions ("ACP" Test).

(a) Definitions.

(i) Average Contribution Percentage (ACP) shall mean the average of the Contribution Percentages of the Eligible Participants in a group.

(ii) Contribution Percentage shall mean the ratio (expressed as a percentage) of the Participant's Contribution Percentage Amounts to the Participant's Compensation for the Plan Year during the period the Employee was a Participant.

(iii) Contribution Percentage Amounts shall mean the sum of the Voluntary Contributions made under the Plan on behalf of the Participant for the Plan Year. Such Contribution Percentage Amounts shall include forfeitures of Excess Aggregate Contributions which shall be taken into account in the year in which such forfeiture is allocated.

(iv) Eligible Participant shall mean any Employee who is eligible to make a Voluntary Contribution. If an Employee contribution is required as a condition of participation in the Plan, any Employee who would be a Participant in the Plan if such Employee made such a contribution shall be treated as an eligible Participant on behalf of whom no Employee contributions are made.

(v) Voluntary Contribution shall mean any contribution made to the Plan by or on behalf of a Participant that is included in the Participant's gross income in the year in which made and that is maintained under a separate account to which earnings and losses are allocated.

(b) Average Contribution Percentage Test ("ACP" Test).

(i) General Rule. The ACP for Participants who are Highly Compensated Employees for each Plan Year and the ACP for Participants who are Non-Highly Compensated Employees for the same Plan Year must satisfy one of the following tests:

(A) The ACP for Participants who are Highly Compensated Employees for the Plan Year shall not exceed the ACP for Participants who are Non-Highly Compensated Employees for the same Plan Year multiplied by 1.25; or

(B) The ACP for Participants who are Highly Compensated Employees for the Plan Year shall not exceed the ACP for Participants who are Non-Highly Compensated Employees for the same Plan Year multiplied by two, provided that the ACP for Participants who are Highly Compensated Employees does not exceed the ACP for Participants who are Non-Highly Compensated Employees by more than two percentage points.

(ii) Special Rules.

(A) For purposes of this section, the Contribution Percentage for any Participant who is a Highly Compensated Employee and who is eligible to have Contribution Percentage Amounts allocated to his or her account under two or more plans described in Code section 401(a) that are maintained by the Employer, shall be determined as if the total of such Contribution Percentage Amounts was made under each plan.

(B) In the event that this Plan satisfies the requirements of Code sections 401(m) or 401(a)(4) or 410(b) only if aggregated with one or more other plans, or if one or more other plans satisfy the requirements of such Code sections only if aggregated with this Plan, then this section shall be applied by determining the Contribution Percentage of Employees as if all such plans were a single plan. For Plan Years beginning after December 31, 1989, plans may be aggregated in order to satisfy Code section 401(m) only if they have the same Plan Year.

(C) For purposes of determining the Contribution Percentage of a Participant who is one of the ten most highly-paid Highly Compensated Employees, the Contribution Percentage Amounts and Compensation of such Participant shall include the Contribution Percentage Amounts and Compensation for the Plan Year of Family Members (as defined in Code section 414(g)(6)). Family Members, with respect to Highly Compensated Employees, shall be disregarded as separate Employees in determining the Contribution Percentage both for Participants who are Non-Highly Compensated Employees and for Participants who are Highly Compensated Employees.

(D) For purposes of determining the Contribution Percentage test, Employee Contributions are considered to have been made in the Plan Year in which contributed to the Trust.

(E) The Employer shall maintain records sufficient to demonstrate satisfaction of the ACP test.

(F) The determination and treatment of the Contribution Percentage of any Participant shall satisfy such other requirements as may be prescribed the Secretary of the Treasury.

(c) Distribution of Contributions That Exceed Those Allowed by ACP Test.

(i) Excess Aggregate Contributions. Excess Aggregate Contributions shall mean, with respect to any Plan Year, the excess of:

(A) The aggregate Contribution Percentage Amounts taken into account in computing the numerator of the Contribution Percentage actually made on behalf of Highly Compensated Employees for such Plan Year, over

(B) The maximum Contribution Percentage Amounts permitted by the ACP test (determined by reducing contributions made on behalf of Highly Compensated Employees in order of their Contribution Percentages beginning with the highest of such percentages).

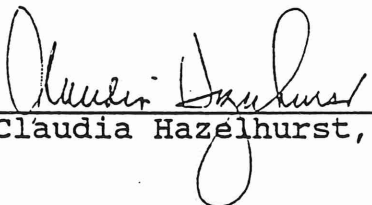
(ii) Distribution of Excess Aggregate Contributions. Notwithstanding any other provision of this Plan, Excess Aggregate Contributions, plus any income and minus any loss allocable thereto, shall be forfeited, if forfeitable, or if not forfeitable, distributed no later than the last day of each Plan Year to Participants to whose accounts such Excess Aggregate Contributions were allocated for the preceding Plan Year. Excess Aggregate Contributions shall be allocated to Participants who are subject to the family member aggregation rules of Code section 414(q)(6) in the manner prescribed by the regulations. If such Excess Aggregate Contributions are distributed more than 2-1/2 months after the last day of the Plan Year in which such excess amounts arose, a ten percent excise tax will be imposed on the Employer maintaining the Plan with respect to those amounts. Excess Aggregate Contributions shall be treated as annual additions under the Plan.

(iii) Determination of Income or Loss. Excess Aggregate Contributions shall be adjusted for any income or loss up to the date of distribution. The income or loss allocable to Excess Aggregate Contributions is the sum of: (A) income or loss allocable to the Participant's Voluntary Contribution account for the Plan Year multiplied by a fraction, the numerator of which is such Participant's Excess Aggregate Contributions for the year and the denominator is the Participant's account balance(s) attributable to Contribution Percentage Amounts without regard to any income or loss occurring during such Plan Year; and (B) ten percent of the amount determined under (A) multiplied by the number of whole calendar months between the end of the Plan Year and the date of distribution, counting the month of distribution if distribution occurs after the 15th of such month.

(iv) Forfeitures of Excess Aggregate Contributions. Forfeitures of Excess Aggregate Contributions may either be reallocated to the accounts of Non-Highly Compensated Employees or applied to reduce administrative costs or Employer Contributions, as specified by the Employer in section 8.7 of this Plan document.

(v) Accounting for Excess Aggregate Contributions. Excess Aggregate Contributions shall be forfeited, if forfeitable, or distributed on a pro-rata basis from the Participant's Voluntary Contribution account.

AGREED TO THIS 4th DAY OF December, 1992.



Claudia Hazelhurst, Personnel Manager

11/18/92

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DISCLOSURE STATEMENT

GRAND JUNCTION POLICE DEPARTMENT RETIREMENT PLAN PROPOSED SETTLEMENT OF LAWSUIT AND AMENDMENTS TO PLAN

Introduction

City Management and the Board of Trustees of the Grand Junction Police Retirement Plan -- Money Purchase Plan and Trust (the "1986 Plan") have signed a Settlement Agreement regarding the claims brought by the Board against the City of Grand Junction in the lawsuit now pending in Mesa County District Court. The Settlement Agreement, if approved by the plan participants and the City Council, involves amendments to the 1986 Plan, which are discussed below. The participants in the police department retirement plan will soon be asked to vote upon the settlement proposal and the proposed amendments to the retirement plan. If the vote of the participants is positive, the proposal and the amendments will be presented to the City Council for its approval.

Background

In August, 1991, the Board of Trustees of the police department money purchase plan (the "1986 Plan") sued the City of Grand Junction for the purpose of recovering FPPA "forfeitures" which the Board alleged were to be paid to the 1986 Plan by the City after the City recovered them from FPPA. The "forfeitures" represent contributions made by the City to the FPPA defined benefit plan on behalf of police officers who had withdrawn their member contributions from FPPA when they separated from service. The amount at stake in the lawsuit was \$535,124.64, plus interest from March 8, 1990.

During the course of the lawsuit, a number of other issues arose regarding the validity of the 1986 Plan, the validity of various amendments to the 1986 Plan and the validity of amendments to the Plan adopted by the City Council in April and November, 1992. The City and the Board, and their respective tax lawyers, also disagreed on whether the contribution of the "forfeitures" to the plan would violate some of the tax laws regarding tax-qualified retirement plans.

The Colorado Court of Appeals has ruled in a similar case from Lamar, Colorado, that the applicable Colorado statute requires that the "forfeitures" be paid to the alternative money purchase plan created when the City withdrew from FPPA. The Colorado Supreme

Court declined to review this case, so it now has the effect of law in Colorado.

In the Mesa County case, Judge Bottger has entered judgment in favor of the Board of Trustees of the 1986 Plan, following the holding in the Lamar decision. An appeal would still be possible from that ruling. The City will give up its rights to appeal if the settlement is approved.

The Internal Revenue Service has ruled that contribution of the "forfeitures" to the money purchase plan will not represent an annual addition that would potentially result in loss of the Plan's tax-qualified status. The IRS stopped short of ruling on the details of the allocation of the "forfeitures" among participants who withdrew from FPPA.

The Settlement Agreement calls for another determination by the Internal Revenue Service before the FPPA "forfeitures" will be allocated among participants. The City and the 1986 Board feel it is important that the IRS determine that the allocation of the "forfeitures" among certain plan participants will not jeopardize the tax-qualified status of the Plan.

The Board of Trustees of the 1986 Plan and City Management have been working on a settlement over the past few months. This led to the Settlement Agreement signed on March 23, 1994. If the settlement proposed by the Agreement is approved first by 65% of the plan participants and then by ordinance of the City Council, the Agreement provides for a full resolution of all issues in the lawsuit, without further court proceedings.

The Settlement Proposal

Payment of Forfeitures and Interest to Plan. If the settlement is approved, the City will deposit all of the disputed "forfeitures," or \$535,124.64, plus interest from March 8, 1990 at the plan's net investment return, into a segregated and unallocated "Settlement Account" within the Police Department Plan, in the custody of Colorado National Bank (formerly, Central Bank). Interest will be calculated based upon the monthly net investment return that the Plan has earned since March, 1990. The amount to be deposited by the City is called the "Settlement Funds." The Settlement Account will participate in the earnings, losses and administrative expenses of the Plan.

Reimbursement of Expenses. After a ruling has been obtained from the Internal Revenue Service, the "forfeitures" and interest will first be used to reimburse expenses incurred by the Plan in

connection with the lawsuit against the City. The goal is to make each participant or former participant whole -- as if these expenses had not been incurred. The expenses will then be charged proportionately to those participants who receive an allocation of the FPPA "forfeitures" and interest.

Allocation of Forfeitures and Interest. After expenses have been reimbursed, the remaining amounts in the Settlement Account will be allocated among those participants who were employed as police officers by the City of Grand Junction on January 1, 1987, including individuals who are no longer employed by the City.

Only those participants who were employed by the City on January 1, 1987 will share in this allocation of the "forfeitures" and interest. Those participants who will receive an allocation of the FPPA forfeitures are called "Settlement Participants" in this statement and the Settlement Agreement.

The allocation of the "forfeitures" and interest will be as follows:

1. \$263,572.77 of the Settlement Funds represents the actual FPPA "forfeitures" paid by FPPA to the City in March, 1990. This amount will first be used to restore any previous forfeitures, in FPPA, of contributions made by the City on behalf of the Settlement Participant.

2. Any "forfeiture" amounts remaining will be allocated among all Settlement Participants in pro rata shares based on the total number of months of employment, as of January 1, 1987, as a full time, paid sworn police officer for the City of Grand Junction, in relation to the total number of months of such employment on the part of all such Settlement Participants. A month is a calendar month and any employment during the month constitutes an entire month.

3. \$271,551.87 of the Settlement Funds represents interest or earnings paid by FPPA to the City in March, 1990. This amount will be allocated among Settlement Participants in pro rata shares based on the total of a Settlement Participant's Employee and Employer contributions (less any withdrawal distributions, including interest) made by a Settlement Participant prior to January 1, 1987, in relation to all such Settlement Participant contributions.

4. The remaining amounts credited to or allocated to the Settlement Account will represent interest paid by the City pursuant to the Settlement Agreement as adjusted for earnings and losses of the Plan. Such amounts shall be credited to the accounts

Copies of the Settlement Agreement and the 1992 Plan are available from the members of the Board of Trustees and the Personnel Manager if you wish to review them in detail.

Comparison of the Plans

The 1986 Plan, the 1992 Plan and the Compromise Plan are all money purchase pension plans. Each participant makes contributions to the plan from his or her pay and these contributions are matched by the City. The amounts contributed are invested jointly with all other contributions and any funds transferred from other plans. The custodian, Colorado National Bank, keeps records of each participant's separate interest, or "account," in the plan.

Your retirement benefit is the same in each of the plans. Your benefit will be the total of the amount in your account, which is the sum of City contributions, your contributions, and any amounts transferred or rolled over from another plan -- including your share of the FPPA "forfeitures" and interest, if you are entitled to share in those. This amount is adjusted for investment earnings, losses and your share of administrative expenses. You may elect, upon retirement, the form of payments.

Eligibility, contributions and benefits

1. Who is covered?

All full-time paid sworn police officers employed by the City. This is the same for all three plans. An employee is eligible and begins participating in the plan immediately upon being employed. Participation in the plan is mandatory.

2. When can I retire?

Normal retirement age in all three plans is age 50. This does not mean you must retire at that age. The only real effect of the normal retirement age is that you become fully vested when you reach age 50, regardless of how many years of service you have.

3. When do my benefits vest?

Remember, you are always "100%" vested in your contributions. Vesting only affects the amount of the City's contribution that you are entitled to. The vesting schedule is the

same in the 1986 and Compromise Plans, but is different in the 1992 Plan:

<u>Years of Service</u>	1986 and Compromise Plans <u>Percentage</u>	1992 Plan <u>Percentage</u>
1	0%	0%
2	0%	25%
3	20%	50%
4	40%	75%
5	60%	100%
6	80%	
7	100%	

For all three plans, if you quit or are terminated before the time when you are 100% vested, you will receive all of your contributions but only a portion of the City's matching contributions, based upon the vesting schedule, and adjusted for investment earnings, losses and administrative expenses.

Under all three plans, no matter how long you have participated, you are 100% vested upon death, disability or attaining normal retirement age (50).

If the settlement is approved, the Compromise Plan will govern vesting. Also, participants who receive an allocation of the Settlement Funds will be 100% vested in that amount.

4. How much does the City contribute?

Under all three plans, the City's contribution would be 10.65% of base pay, as of January 1, 1992. State law requires a minimum contribution rate of 8%.

5. Can the City change its contribution rate?

1986 Plan: The Board's position in the lawsuit has been that no change in the contribution rate could be made without the participants' approval, by a 65% vote.

1992 Plan: The City Council could reduce the contribution rate by ordinance without a vote of the participants, but not below the state required minimum of 8%.

Compromise Plan: The City Council can reduce the contribution rate (but not below 8%) without a vote of the participants, but only if the City contribution rate for all other classified City employees is reduced equally.

6. When does the City have to make its contribution to the Plan?

1986 Plan: This is not addressed.

1992 Plan: This is not addressed.

Compromise Plan: The City must either mail or deliver both its contribution and the participants' contributions to the bank on the same day that paychecks are made available.

7. What happens if the total amount of contributions (participant contributions plus employer match) exceeds the maximum allowed by the Internal Revenue Code?

At present, the tax code prohibits any participant in a tax-qualified plan from receiving contributions to the plan greater than 25% of his base compensation in any one year. "Base compensation" means base salary, minus any amounts the participant chooses to use for benefits under the Section 125 Plan (pre-tax health and dental benefits and spending accounts) and minus also any amounts the participant chooses to contribute to the Section 457 Plan.

1986 Plan: The plan does not address what happens if the maximums are exceeded.

1992 Plan: Any excess amounts would be used by the City to pay for future City contributions.

Compromise Plan: One-half of the excess would be returned to the participant and one-half would be used by the City to pay for future City contributions.

8. Can participants borrow against their accounts in the plan?

1986 Plan: Yes, up to the lesser of a) \$50,000 (reduced by outstanding loans) or b) one-half of the participant's vested account balance.

1992 Plan: Participants with 2 years of service could borrow up to 20% of their vested account balances. Loans for "unforeseeable emergencies" were available to all participants, up to the lesser of a) \$50,000 (reduced by outstanding loans) or b) one-half of the participant's vested account balance.

Compromise Plan: A participant who has worked for the City for two years can borrow up to 50% of his vested account balance, but not more than \$50,000 (reduced by any outstanding loans). Any participant, even one who has not been employed for two years, can borrow if the participant has an "unforeseeable

emergency" as defined in the plan. "Unforeseeable emergency" loans may be taken up to 50% of the participant's vested account balance, but not more than \$50,000 (less outstanding loans).

9. How are future forfeitures arising under the money purchase plan used?

When a participant who is not fully vested in the participant's employer contributions quits or is terminated, the participant forfeits a portion of employer contributions. The plans provide for using these forfeitures in different ways. These are NOT the FPPA "forfeitures" which are the subject of the lawsuit.

1986 Plan: Forfeitures are used to pay administrative expenses.

1992 Plan: Forfeitures are used to pay for required City contributions.

Compromise Plan: Forfeitures are used first to pay administrative expenses. If there are any amounts left, they are then used to pay required City contributions.

Control of the Plan

10. How is the plan administered?

1986 Plan: The plan is administered by a Board of Trustees. The Board has authority to interpret the plan, to set investment policy and to select an investment manager to handle investment of the plan's assets.

1992 Plan: The plan is administered by a Board of Retirement. The Board has authority to interpret the plan. The City Council, however, sets investment policy and selects a trustee to implement the investment policy.

Compromise Plan: The plan is administered by a Board of Retirement. The Board has authority to interpret the plan. It also sets investment policy and selects the investment manager.

11. Who sits on the Board?

1986 Plan: Five members elected by the participants plus, as ex officio members, the City Finance Director and the City Personnel Director.

1992 Plan: Two members elected by the participants plus the City Manager, City Finance Director and City Personnel Director.

Compromise Plan: Three members elected by the participants plus the City Manager, City Finance Director, City Personnel Director, and one other appointed by the City Manager.

The Compromise Plan also makes specific provision for the orderly designation of alternates who may attend Board meetings and vote in the absence of the regular Board members. The 1986 Board and the City hope that this will facilitate the business of the Board. At no time will more than four (4) City Board members or alternates, or more than three (3) Employee Board members or alternates, be entitled to vote.

Each City Board member may designate one (1) individual as an alternate at the commencement of each year. A City Board member can change his or her designated alternate with the approval of five (5) Board members.

The Participants in the Plan will elect two (2) Participants who can serve as alternates to the Employee Board members. One or more Employee Board members can designate, in writing, an alternate to attend and vote at a meeting.

12. How does the Board function?

1986 Plan: The plan does not spell this out.

1992 Plan: These issues are not addressed.

Compromise Plan: Five members of the Board must be present at a meeting before any action can be taken. At least three of those present must be City Board members and at least two of those present must be participant members. All actions and decisions of the Board must have five affirmative votes. If four City members and two participant members are present at a meeting, at least one participant member must vote with the City members.

The Compromise Plan also provides rules for calling meetings and designating officers.

13. Are the Board members insured, in the event of a lawsuit against them?

1986 Plan: The plan does not address this. Currently, the board members do not have insurance.

1992 Plan: The plan does not address this.

Compromise Plan: The City would provide and pay for the same insurance and would indemnify the Board just as it does for all City departments and boards.

PLEASE NOTE

One reason the Board of Trustees negotiated these provisions about the Board of Retirement, giving the City the majority of the seats on the Board, was their concern over the possible personal liability of board members for acts taken in administering the plan and the investments in the plan. By giving the City a greater voice, the Board feels that future members of the Board of Retirement can serve with less concern for these questions of liability. At the same time, because two participant members must be present at any meeting where action will be taken, and because at least one participant board member must vote with the City, the Board feels the participants will still have an effective voice in the management of their retirement plan.

Other Issues of Interest

14. What if I retire and don't want to receive my benefits yet? What happens if I quit?

All three plans provide that, following retirement or termination, Participants must choose one of the following options: take a lump sum payment or choose to take installment payments. To avoid immediate taxation, if you terminate with the City, under present rules, you may transfer or "roll" your account balance directly into another qualified plan or an IRA.

15. What if I get divorced? Can my spouse receive part of my benefit?

State law does not allow the Plan to pay amounts to a spouse.

16. Can the City or the City Council "invade" or borrow against the plan and the assets?

Neither the 1986 nor the 1992 plans address this issue specifically. The Compromise Plan prohibits such activity.

17. Upon my death, can my spouse leave my plan assets in the plan?

No. All three plans provide that the spouse must elect to take either a lump sum or a periodic payment, if the spouse is the beneficiary.

18. Is the plan qualified for tax purposes?

Some concerns have been raised over the last several months regarding the status of the 1986 Plan as a tax-qualified plan. Tax qualification is important, because that assures the participants that the contributions they make and that the City makes on their behalf are not taxable income to the participants when they are made. Nor are investment earnings taxable. The participants are only taxed when they withdraw benefits from the plan.

The City's tax lawyer has expressed concern that certain provisions of the 1986 Plan may not comply with the Internal Revenue Code. The Board of the 1986 Plan retained its own tax attorney in 1989 to review the 1986 Plan for compliance with the laws, and was working on the necessary changes when the lawsuit was filed.

One advantage of the Compromise Plan is that it makes the corrections to the money purchase plan that both the City's tax attorney and the Board's attorney agree should be made. The 1992 Plan has received a determination letter from the Internal Revenue Service stating that it is a qualified plan. The Service also stated that this determination would apply to the amendments adopted by the City in November, 1992, provided they were approved by the plan participants as required by state law.

As indicated, if the Compromise Plan is approved, the plan will be submitted to the Internal Revenue Service for another determination letter finding that the plan is qualified. Both the City and the Board are confident that the Compromise Plan will be approved.