

November 20, 2001
Alan Kremerik/
Greg Tempel

Resolution 2001-157 Adopting the City of Fort Collins General Employees' Retirement Plan as Amended and Restated Effective December 31, 2001.

Staff and the General Employees' Retirement Committee recommend adoption of the Resolution.

The City of Fort Collins General Employees' Retirement Plan (the Plan) provides retirement benefits for approximately 117 retirees and beneficiaries. The Plan has 407 active members and 114 former Members that have vested benefits as of the last valuation report.

Over the past few years the General Employees' Retirement Committee (the Committee), with assistance from the Plan's actuary and special legal counsel, identified and studied a number of changes to the Plan. The changes clarify, explain, and redefine some of the provisions of the Plan to conform to Internal Revenue Code changes, provisions of the Colorado Revised Statutes, and otherwise incorporate certain administrative practices. This is the first Plan restatement since 1992. Since that time, there have been several changes in the Internal Revenue Code however, the deadline for their implementation has been extended. Earlier this year, the Internal Revenue Service determined that, to remain tax-qualified, plans such as the City's should have the Plan changes made by the end of 2001.

The Resolution also amends the Plan for a change to the definition of Eligible Retirement Plan to include rollover distributions to other types of Plans and IRAs upon the employee's termination of employment. Under the IRS guidelines, this change cannot go into effect until 2002.

BACKGROUND:

The City of Fort Collins Council created the General Employees' Retirement Plan in 1971. The Plan is a defined benefit plan in which the retirement benefit is determined by the numbers of years of service and the final average monthly compensation. Since the Plan was first adopted, the City has applied for and received tax qualified plan status from the Internal Revenue Service. By maintaining the tax-qualified status of the Plan, payments to Members and Beneficiaries do not have additional tax burdens on their retirement benefits.

The Congress makes legislative changes to the tax laws almost every year. Since 1992, the last year in which the Plan was restated, they have passed six laws that affect pension plans. These laws include:

Uruguay Round Agreements Act (usually referred to as "GATT");

Uniformed Services Employment and Reemployment Act of 1994;
Small Business Job Protection Act of 1996;
Taxpayer Relief Act of 1997;
Internal Revenue Service Restructuring and Reform Act of 1998; and
Community Renewal Tax Relief Act of 2000.

The tax administrators and legal counsel refer to this set of laws as “GUST.” As long as plan sponsors adopt modification to their plans by the end of 2001, the IRS will consider the changes to be in compliance retroactively to the effective dates of the provisions within the laws.

As part of its review process, the General Employees’ Retirement Committee decided that it should do a comprehensive review of the Plan at the same time it was making the amendments required in the GUST legislation. The summary below reviews the changes made to the Plan:

Article II of the Plan – Definitions

Within the definition of Compensation, taxable fringe benefits, such as life insurance in excess of \$50,000, have been specifically excluded.

The amendments include a definition of qualified domestic relations order to comply with the Colorado Revised Statutes. Such orders assign assets to each spouse during divorce proceedings. Pension assets earned by individuals used to be exempt from such orders.

A definition of Qualified Military Service was added to meet the Uniformed Services Employment and Reemployment Act of 1994. This definition and later amendments allow service credit for persons called to serve in the military. They also have reemployment rights after their military service is completed.

The Plan amendments clarify the required beginning date for retirement benefits for employees that attain the age of 70½.

Article III

A provision (Section 5) has been added to indicate that participation in the pension plan does not afford members or employees a contractual right of employment.

Article VI

The Plan is closed to new participants. Because of the closed nature of the Plan, breaks in service have been eliminated. So if an employee leaves the City and the Plan, upon rehire, they will be eligible to enter the money purchase pension plan. The only exception is for a break in service related to military service.

Article VIII

The Committee added the past cost of living adjustments into the Plan. In this way, there is a record of such adjustments for future reference.

Article X

The Plan has incorporated the requirements of IRS Section 401(a)(9). This section limits persons who may be named as beneficiaries and is intended to maintain the retirement benefit nature of the Plan.

Article XII

When employees leave City employment and they have accrued a benefit under the Plan, they are considered to be Terminated Vested Members. They may take a single sum payment or defer their benefit election until their normal retirement date. Many employees have an accrued vested benefit that is small. Under the new federal laws, if this benefit is less than \$5,000, the Plan may decide to make the single sum payment.

Article XIV

The Committee added the conversion options that were offered in 1998 and 1999 to qualified members of the Plan. Again, this provides the material directly in the Plan for ease of future reference.

Article XVI

To conform to the federal mandates, the Committee has recommended the addition of language to apply the income limits that affect employees that participate in both defined benefit and defined contribution pension plans. If benefits have to be reduced due to the federal income limits, defined contribution plans are affected before defined benefit plans.

Recommendation

The General Employees' Retirement Committee has thoroughly reviewed these changes with the Plan's Actuary and special legal counsel. The Committee unanimously recommends approval of the amendments.

RESOLUTION 2001-157
OF THE COUNCIL OF THE CITY OF FORT COLLINS
ADOPTING THE CITY OF FORT COLLINS GENERAL EMPLOYEES'
RETIREMENT PLAN AS AMENDED AND RESTATED
EFFECTIVE DECEMBER 31, 2001

WHEREAS, the City Council adopted, effective January 1, 1971, a qualified defined benefit pension plan known as the City of Fort Collins Employees' Retirement Plan (the "Plan"), for the purpose of providing retirement benefits for certain of its employees; and

WHEREAS, the City Council has amended and restated the Plan from time to time in order to make improvements to the Plan and to maintain compliance with both state and federal law; and

WHEREAS, the General Employees' Retirement Committee (the "Committee"), as created by and functioning pursuant to Chapter 21, Article V of the City Code, has reviewed the current provisions of the Plan as restated effective January 1, 1992, as amended, and has determined that the adoption of a new restatement of the Plan is necessary in order to consolidate the several amendments to the Plan and to amend the Plan prior to 2002 in order to ensure continued compliance with state and federal laws; and

WHEREAS, the Committee has reviewed the proposed restated Plan, attached hereto as Exhibit "A", and has recommended its adoption to the City Council; and

WHEREAS, the proposed restated Plan consolidates the several amendments to the Plan into one Plan document for ease of use, makes several technical changes required by the federal Internal Revenue Code, and clarifies changes to the Plan that have occurred since the Plan's 1992 restatement; and

WHEREAS, beginning January 1, 2002, federal law permits the Plan to be amended to allow retiring Plan members to directly roll their Plan benefits into a broader range of retirement plans, thereby causing the need to amend the restated Plan to accommodate such direct rollovers.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FORT COLLINS, COLORADO as follows:

Section 1. That the City of Fort Collins General Employees' Retirement Plan as amended and restated December 31, 2001, and attached hereto as Exhibit "A", is hereby adopted effective December 31, 2001.

Section 2. That the restated Plan adopted pursuant to Section 1 of this Resolution is amended, effective January 1, 2002, by amending the definition of "Eligible Retirement Plan" at Article XIII, Section 2.c. to read as follows:

c. "Eligible Retirement Plan" means an individual retirement account described in IRS Code Section 408(a), an individual retirement annuity described in IRS Code Section 408(b), an annuity described in IRS Code Section 403(a), an annuity described in IRS Code Section 403(b), an eligible plan under IRS Code Section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan, or a qualified trust described in IRS Code Section 401(a), that accepts the Distributee's Eligible Rollover Distribution. The definition of Eligible Retirement Plan shall also apply to the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a Qualified Domestic Relations Order as defined in Article II, Section 2.v.

Passed and adopted at a regular meeting of the Council of the City of Fort Collins held this 20th day of November, A.D. 2001.

Mayor

ATTEST:

City Clerk

CITY OF FORT COLLINS
GENERAL EMPLOYEES'
RETIREMENT PLAN

As Amended and Restated
December 31, 2001

CITY OF FORT COLLINS GENERAL EMPLOYEES' RETIREMENT PLAN

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| ARTICLE I PURPOSE..... | 1 |
| ARTICLE II DEFINITIONS | 1 |
| SECTION 1. NAME..... | 1 |
| SECTION 2. DEFINITIONS..... | 1 |
| SECTION 3. CONSTRUCTION..... | 6 |
| ARTICLE III MEMBERSHIP | 6 |
| SECTION 1. EMPLOYEES ON JANUARY 1, 1971 | 6 |
| SECTION 2. EMPLOYEES HIRED AFTER DECEMBER 31, 1970, BUT BEFORE JANUARY 1, 1999..... | 6 |
| SECTION 3. TERMINATION | 7 |
| SECTION 4. WITHDRAWAL..... | 7 |
| SECTION 5. EMPLOYMENT NOT GUARANTEED | 7 |
| ARTICLE IV METHOD OF FUNDING..... | 7 |
| SECTION 1. FUNDING..... | 7 |
| SECTION 2. ASSETS..... | 7 |
| SECTION 3. DUTIES OF THE FUNDING AGENT..... | 8 |
| SECTION 4. INVESTMENT POWERS | 8 |
| ARTICLE V CONTRIBUTIONS..... | 8 |
| SECTION 1. MEMBER CONTRIBUTIONS..... | 8 |
| SECTION 2. CITY CONTRIBUTIONS | 8 |
| SECTION 3. APPLICATION OF FORFEITURES | 9 |
| ARTICLE VI CREDITED SERVICE | 9 |
| SECTION 1. CREDITED SERVICE..... | 9 |
| SECTION 2. CREDITED SERVICE..... | 10 |
| 10 | |
| SECTION 3. EFFECT OF OTHER PLANS..... | 10 |
| SECTION 4. MISCELLANEOUS..... | 10 |
| ARTICLE VII RETIREMENT DATES | 10 |
| SECTION 1. NORMAL RETIREMENT | 10 |
| SECTION 2. EARLY RETIREMENT | 11 |
| SECTION 3. DELAYED RETIREMENT..... | 11 |
| SECTION 4. DISABILITY RETIREMENT | 11 |
| SECTION 5. RETIREMENT DATE | 12 |
| ARTICLE VIII RETIREMENT BENEFITS | 12 |
| SECTION 1. NORMAL OR DELAYED RETIREMENT..... | 12 |

| | | |
|--|--|----|
| SECTION 2. | EARLY RETIREMENT | 12 |
| SECTION 3. | DISABILITY RETIREMENT | 12 |
| SECTION 4. | PAYMENT OF BENEFITS | 12 |
| SECTION 5. | MINIMUM MONTHLY PAYMENT | 13 |
| SECTION 6. | ACCRUED CREDITS AND VESTED BENEFITS UNDER THE PREVIOUS PLAN PRESERVED | 13 |
| SECTION 7. | INCREASED BENEFITS FOR CERTAIN RETIRED MEMBERS AND BENEFICIARIES AS OF SEPTEMBER 1, 1981..... | 13 |
| SECTION 8. | INCREASED BENEFITS FOR CERTAIN RETIRED MEMBERS AND BENEFICIARIES AS OF NOVEMBER 1, 1983 | 14 |
| SECTION 9. | INCREASED BENEFITS FOR CERTAIN RETIRED MEMBERS AND BENEFICIARIES AS OF JULY 1, 1990 | 14 |
| SECTION 10. | INCREASED BENEFITS FOR CERTAIN RETIRED MEMBERS AND BENEFICIARIES AS OF JANUARY 1, 2000 | 15 |
| ARTICLE IX RETIREMENT BENEFITS AND RIGHTS INALIENABLE..... | | 15 |
| SECTION 1. | INALIENABILITY..... | 15 |
| SECTION 2. | BANKRUPTCY..... | 16 |
| ARTICLE X OPTIONAL FORMS OF BENEFITS..... | | 16 |
| SECTION 1. | GENERAL..... | 16 |
| SECTION 2. | 100% JOINT AND SURVIVOR BENEFIT..... | 17 |
| SECTION 3. | 50% JOINT AND SURVIVOR BENEFIT..... | 17 |
| SECTION 4. | 120 MONTHS CERTAIN AND LIFE BENEFIT..... | 17 |
| SECTION 5. | SINGLE-SUM BENEFIT | 17 |
| SECTION 6. | BENEFICIARY | 17 |
| ARTICLE XI DEATH BENEFITS..... | | 18 |
| SECTION 1. | DEATH OF AN ACTIVE MEMBER, A DISABLED MEMBER OR A VESTED MEMBER PRIOR TO NORMAL RETIREMENT DATE | 18 |
| SECTION 2. | DEATH OF A RETIRED MEMBER..... | 18 |
| SECTION 3. | UNIFORM SIMULTANEOUS DEATH ACT | 19 |
| SECTION 4. | MINIMUM MONTHLY PAYMENT | 19 |
| ARTICLE XII VESTING AND SEVERANCE BENEFITS | | 19 |
| SECTION 1. | COVERAGE..... | 19 |
| SECTION 2. | VESTING SCHEDULE..... | 19 |
| SECTION 3. | SINGLE LUMP SUM BENEFIT | 20 |
| ARTICLE XIII DIRECT ROLLOVERS | | 20 |
| SECTION 1. | DISTRIBUTIONS MADE ON OR AFTER JANUARY 1, 1993..... | 20 |
| SECTION 2. | DEFINITIONS..... | 21 |
| ARTICLE XIV MONEY PURCHASE PLAN..... | | 21 |
| SECTION 1. | CONVERSION OPTIONS | 21 |
| SECTION 2. | TRANSFER OF TRANSITION ACCOUNT BALANCE | 22 |
| SECTION 3. | TRANSITION ACCOUNT BALANCE DEFINED | 22 |

| | |
|---|----|
| SECTION 4. EXTENSION OF SELECTION DEADLINE..... | 23 |
| SECTION 5. MINIMUM SINGLE-SUM AMOUNT | 23 |
| SECTION 6. CONTINGENCY | 23 |
| ARTICLE XV MODIFICATION OR TERMINATION OF PLAN | 24 |
| SECTION 1. EXPECTATION | 24 |
| SECTION 2. AMENDMENT..... | 24 |
| SECTION 3. APPROVAL UNDER THE INTERNAL REVENUE CODE | 24 |
| SECTION 4. DISCONTINUANCE | 24 |
| SECTION 5. TERMINATION | 24 |
| SECTION 6. DISTRIBUTION | 24 |
| ARTICLE XVI LIMITATIONS..... | 25 |
| SECTION 1. LIMITATION OF BENEFITS..... | 25 |
| SECTION 2. CONSOLIDATION OR MERGER..... | 27 |
| ARTICLE XVII ADMINISTRATION OF THE PLAN | 27 |
| SECTION 1. RETIREMENT COMMITTEE..... | 27 |
| SECTION 2. MANAGEMENT OF THE PLAN..... | 27 |
| SECTION 3. MISCELLANEOUS..... | 28 |

ARTICLE I

Purpose

Effective as of December 31, 2001, the City Council of the City of Fort Collins adopted the amended and restated Plan (as defined in Article II, Section 2.t.), as set forth herein, to continue and replace the Plan previously in effect. The Plan and Retirement Fund as defined in Article II, Section aa. are intended to meet the requirements of IRS Code Sections 401(a) and 501(a).

The Plan and the separate related Retirement Fund forming a part hereof were established and shall be maintained for the exclusive benefit of the eligible Employees of the City of Fort Collins and their Beneficiaries. No part of the Retirement Fund can ever revert to the City except as hereinafter provided, or be used for or diverted to purposes other than the exclusive benefit of the Employees of the City and their Beneficiaries.

This amendment and restatement of the Plan shall not, in any way, affect the rights of former Employees who participated in said Plan and who either retired or otherwise terminated their employment prior to December 31, 2001. The rights, if any, of such former Employees and of their Beneficiaries and the amounts of their benefits, if any, shall continue to be governed by the provisions of the Plan as it was in effect on December 30, 2001, or the date, if earlier, of their retirement or termination of employment, unless specifically provided for otherwise herein, or as the result of future amendments to this restated Plan.

This Plan is a governmental Plan established pursuant to IRS Code Section 414(d). As such, it is not subject to the requirements of the Employee Retirement Income Security Act of 1974.

ARTICLE II

Definitions

Section 1. *Name.* The Retirement Income Plan as set forth in this Ordinance shall be known as the City of Fort Collins General Employees' Retirement Plan (As Amended and Restated Effective December 31, 2001) and is hereinafter referred to as the Plan.

Section 2. *Definitions.* Unless the context otherwise requires, the definitions and general provisions contained in this Section govern the construction of this restated Plan.

a. "Accrued Benefit" means the benefit determined under the Plan expressed in the form of a monthly single life annuity, commencing at Normal Retirement Date.

b. "Actuarial Equivalence (or Actuarially Equivalent)" means equality in value of the aggregate amounts expected to be received under different forms of payment based on interest rate and mortality assumptions as defined below unless otherwise specifically provided in the Plan:

(1) Interest rate assumption for alternative periodic benefits. The interest rate used for purposes of computing alternative periodic forms of benefits shall be 7.5%, unless otherwise specifically provided in the Plan.

(2) Interest rate assumption for single-sum payments. The interest rate used for purposes of computing single-sum benefits shall be one of the following, as specifically designated in the Plan:

(a) the immediate annuity rate (subject to adjustment as required for deferred annuities) used by the Pension Benefit Guaranty Corporation as of the January 1 coincident with or preceding the date as of which the amount of the alternative form of benefit is being determined hereunder;

(b) the investment return rate used by the Retirement Committee for purposes of the Plan actuarial valuation as of the December 31 coincident with or preceding the date as of which the amount of the alternative form of benefit is being determined hereunder.

(3) Mortality assumption. The mortality assumption for calculations based upon the mortality of a Member or Beneficiary shall be a unisex rate that is 50% male, 50% female, taken from the 1983 Group Annuity Table, or such other Group Annuity Table designated by the Committee which meets the minimum standards as set forth in IRS Code Section 417(e).

c. "Beneficiary" means the person or persons entitled to receive benefits hereunder upon the death of a Member or former Member, pursuant to Article X, Section 6 hereof.

d. "City" shall mean the City of Fort Collins, State of Colorado.

e. "City Council" shall mean the City Council of the City.

f. "Committee" or "Retirement Committee" means the Committee appointed by the City Council and charged with the general administration of the Plan.

g. "Compensation" means the total cash remuneration paid to an Employee for a calendar year by the City for personal services including performance pay as reported on the Employee's income tax withholding statement or statements (Form W-2, or its subsequent equivalent), excluding bonuses, compensatory time, overtime pay, lump-sum payments for accrued vacation time, worker's compensation, taxable fringe benefits including life insurance in excess of \$50,000 and any contribution by the City under this Plan, or the like, but including any compensation that is deferred under IRS Code Section 457. The amount of Compensation for purposes of the Plan during any Plan Year shall not exceed \$200,000, subject to the cost-of-living adjustments in accordance with IRS Code Section 415(d), as amended and then in effect.

h. "Covered Employment" means the employment categories for which the Plan is maintained, more particularly described as follows:

- (1) all nonfirefighters who perform clerical and technical duties for Poudre Fire Authority;
- (2) any employment with the City in a classified position as defined by the City Personnel Policies and Procedures, excluding police officers, paid firefighters, emergency services dispatchers (police and fire);
- (3) any Member in the Plan as defined by Article II, Section 2., Subsection (m), Paragraph (3) "Employee".

Excluded are leased employees within the meaning of IRS Code Section 414(n).

i. "Credited Service" means the period of service rendered by an Employee as a Member, for which credit is allowed. Credited Service will cease when a Member's service as an Employee terminates.

j. "Disability" means a physical or mental condition which:

- (1) in the judgment of the City's long-term disability insurance company, qualifies the Member's condition as totally disabled and entitles the Member to receive Disability Benefits;

- (2) in the judgment of the Federal Social Security Administration, qualifies the Member's condition as totally disabled within the meaning of the Social Security Act and entitles the Member to receive Disability Benefits; or

- (3) in the judgment of the City's designated worker's compensation physician, administrative law judge or, if appealed, the court issuing the final judgment, qualifies the Member's condition as a permanent total disability and entitles the Member to receive Disability Benefits.

k. "Disability Benefits" means monetary payment for disability received from any one or more of the following sources:

- (1) the City's long term disability plan;

- (2) the Federal Social Security Administration;

- (3) the City's workers' compensation plan.

l. "Effective Date of this Plan" means January 1, 1971. Subsequent restatements of the Plan occurred on May 2, 1977, September 1, 1981, January 1, 1982, January 1, 1985, January 1, 1990 and January 1, 1992. This Amended and Restated Plan is effective December 31, 2001.

- m. "Employee" means:
- (1) any person who is hired to fill a classified position as defined by the City Personnel Rules and Regulations;
 - (2) all nonfirefighter personnel who perform clerical and technical duties for Poudre Fire Authority;
 - (3) any employee of the City who qualifies under the following criteria:
 - (a) the employee became a Member in the Plan while in a classified position;
 - (b) either (i) the Employee's classified position was thereafter converted to an unclassified position, or (ii) the Employee thereafter transferred from a classified position into an unclassified management position; and
 - (c) at the time of the conversion or transfer into an unclassified management position, the Employee elected to remain a Member and continue to accrue Credited Service.
 - (4) leased employees within the meaning of IRS Code Section 414(n)(2), if such leased employees constitute twenty percent or more of the employer's non-highly compensated workforce within the meaning of IRS Code Section 414(n)(5)(C)(ii).

All phrases such as "employment with the City" (or "employment with the City of Fort Collins") and "Employees of the City" (or "Employees of the City of Fort Collins") are hereby deemed to include "employment with Poudre Fire Authority as nonfirefighter, clerical and technical Employees of Poudre Fire Authority."

- n. "Final Average Monthly Compensation" means 1/60th of a Member's total Compensation during the 60 consecutive full calendar months of Credited Service out of the last 120 calendar months of Credited Service, which will produce the highest average monthly compensation. If a Member has less than 60 consecutive full calendar months of Credited Service, the Final Average Monthly Compensation shall be the average of the total Compensation during all full calendar months of Credited Service.
- o. "Funding Agent" means the financial officer of the City, any insurance company or trustee appointed by the Retirement Committee as provided in Article IV, or the Retirement Committee, if no designation has been made.
- p. "Funding Agreement" means the insurance contract with the insurance company or the trust agreement with the trustee as approved by the Retirement Committee for the purpose of the investment and management of Retirement Fund assets.

q. "Insurance Company" means any insurance company or companies authorized to do business in the state and appointed by the Retirement Committee as provided in Article IV.

r. "IRS Code" means the Internal Revenue Code of 1986 as amended.

s. "Member" means any person included in the membership of this Plan as provided in Article III hereof, including an Employee who qualifies for Disability as defined in Article II, Section 2., Subsection j.

t. "Plan" means the City of Fort Collins General Employees' Retirement Plan (as Restated Effective December 31, 2001) as it may be amended.

u. "Plan Year" means the calendar year.

v. "Qualified Domestic Relations Order" means a domestic relations order that has been determined, pursuant to procedures established by the Retirement Committee, to be a qualified domestic relations order as defined in Colorado Revised Statutes § 14-10-113.

w. "Qualified Military Service" is notwithstanding any provision to the contrary, contributions, benefits and vesting service credit with respect to Qualified Military Service will be provided in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended (USERRA), and IRS Code Section 414(u) for Members who return to Covered Employment from Qualified Military Service on or after December 12, 1994. Military service will be counted for purposes of contributions, benefits and vesting service credit, provided all of the following conditions are satisfied:

(1) A Member must have reemployment rights under USERRA in order for periods of Qualified Military Service to be recognized.

(2) A Member must have worked at least one thousand (1,000) hours in Covered Employment before entering Qualified Military Service.

(3) A Member must have earned at least forty (40) Hours of Service in the three (3) months prior to the first day of Qualified Military Service.

No more than five (5) years of Qualified Military Service may be recognized for any purpose, except as required by law.

x. "Required Beginning Date" means April 1 of the calendar year following the later of the calendar year in which the Member attains age 70 1/2 or the calendar year in which the Member retires.

(1) For this purpose, a Member shall be deemed retired upon having one calendar month elapse with no hours worked in Covered Employment, provided that such month is concurrent with or follows the April following the calendar year in which the Member attains age seventy and one-half (70½).

y. "Retired Member" means a former Member whose employment terminated by reason of retirement or Disability and who is receiving or is entitled to receive, or whose Beneficiary or estate is entitled to receive, benefits under this Plan.

z. "Retirement Benefit" or "Pension" means any retirement benefit provided for in Article VIII hereof.

aa. "Retirement Fund" or "Fund" means the "City of Fort Collins General Employees' Retirement Fund," maintained by the Retirement Committee or in accordance with the terms of any Funding Agreement, as amended from time to time, which constitutes a part of this Plan.

bb. "Service" shall mean service rendered as a Covered Employee of the City.

cc. "Trustee" shall mean any qualified and acting Trustee appointed by the Retirement Committee as a named fiduciary for the investment and management of Plan assets.

dd. "Vested Member" means a former Member whose Credited Service has terminated by reason other than retirement or Disability and who is entitled to receive, or whose Beneficiary or estate is entitled to receive, benefits under this Plan.

Section 3. Construction. Words used in the singular shall include the plural unless the context clearly indicates the contrary. Words such as "hereof," "herein," and "hereunder," shall refer to the entire Plan, not to any particular provision or Section. The Plan and Funding Agreement shall each form a part of the other by reference and terms used therein shall be interchangeable.

ARTICLE III

Membership

Section 1. Employees on January 1, 1971. Every person who was an Employee of the City of Fort Collins on January 1, 1971 became a Member in the Plan on such date.

Section 2. Employees Hired After December 31, 1970, but before January 1, 1999. Each Employee of the City hired after December 31, 1970, but before January 1, 1999, shall become a Member in the Plan on their date of employment. However, effective January 1, 1990, an Employee must also be in Covered Employment to become a Member. Employees hired after December 31, 1998 will not be eligible for Membership in the Plan.

Section 3. Termination. Membership of any Member shall terminate (except as a Vested Member) if and when they shall cease to be in Covered Employment for any reason, except as provided in Article VI, Section 2.

Section 4. *Withdrawal.* Unless otherwise provided herein, once an Employee has become a Member of the Plan, they may not withdraw from membership in the Plan unless they cease to be an Employee.

Section 5. *Employment Not Guaranteed.* This Plan is not and shall not be deemed to constitute a contract between the City and any Employee or to be a consideration for, or inducement to, or a condition of, the employment of the Employee. Nothing contained in this Plan shall give or be deemed to give an Employee the right to be retained in the employment of the City or to interfere with the right of the City to discharge or retire any Employee at any time. Participation in the Plan shall not give any Employee the right or claim to Retirement Benefits, except to the extent such right or claim is specifically provided for under the terms of this Plan.

ARTICLE IV

Method Of Funding

Section 1. *Funding.* The Retirement Committee shall decide whether it shall manage the Fund or shall appoint the financial officer of the City, an insurance company, a Trustee, or another funding vehicle, to hold and invest the Retirement Fund. The Retirement Committee shall have the power to change such funding at any time upon notice required by the terms of any applicable Funding Agreement.

Section 2. *Assets.* All assets of the Plan shall be held by the Funding Agent for use in providing the benefits under the Plan. If the Retirement Committee or the financial officer of the City is serving as the Funding Agent, the assets of the Plan shall be held pursuant to the policies adopted by the Retirement Committee. If an insurance company, a Trustee, or another funding vehicle is serving as the Funding Agent, the assets of the Plan shall be held pursuant to a Funding Agreement. The Retirement Committee shall comply with the purchasing and contracting provisions of the City Code when entering into a Funding Agreement. No part of the said corpus or income shall be used for or diverted to purposes other than for the exclusive benefit of the Members, Retired Members, Vested Members, their Beneficiaries or estates under the Plan, prior to the satisfaction of all liabilities hereunder with respect to them, except such funds which, upon termination of the Plan, are in excess of the amount required to fully fund the Plan and are due solely to erroneous actuarial assumptions. No person shall have any interest in or right to any part of the assets of the fund except as and to the extent expressly provided in the Plan.

Section 3. *Duties of the Funding Agent.* The duties of the Funding Agent shall include but shall not be limited to the following:

- a. It shall receive from the City, all contributions to the Fund therein established.
- b. It shall receive all of the income from the Fund.
- c. It shall pay out of the Fund, upon written instructions from the Retirement Committee, the funds required for payments under the Plan.

d. It shall invest and reinvest the corpus and income of the Fund, subject to the requirements of the Plan, as directed by the Retirement Committee and as set forth in any applicable Funding Agreement.

e. It shall maintain such records and accounts of the Fund, and shall render such financial statements and reports thereof, as may be required from time to time by the City Council or the Retirement Committee.

Section 4. *Investment Powers.* The investment of the corpus of the Fund shall be made according to the powers and limitations set forth in the policies adopted by the Retirement Committee and any applicable Funding Agreement.

ARTICLE V

Contributions

Section 1. *Member Contributions.* Members are not required or permitted to make contributions under this Plan.

Section 2. *City Contributions.* The City shall make contributions to the Fund adequate to finance the benefits which the Plan provides on a sound actuarial basis. The required contributions to the Plan shall be determined by a competent actuary. The City expects to continue such contributions to the Plan, but assumes no responsibility to do so and reserves the right to suspend or to reduce contributions at any time upon appropriate action by an amendment to the Plan by the City Council.

Notwithstanding any other provisions hereof or any amendment hereto to the contrary, at no time shall any assets of the Fund revert to, or be recoverable by, the City or be used for, or diverted to, purposes other than for the exclusive benefit of Members, Retired Members, Vested Members, or their Beneficiaries under the Plan except such funds which upon termination of the Plan are in excess of the amount required to fully fund the Plan and which are due to erroneous actuarial assumptions.

Section 3. *Application of Forfeitures.* Any amount forfeited because of termination of employment of a Member prior to their having become 100% vested in their Retirement Benefits (because of their death or for any other reason), shall not be applied to increase the benefits provided by the Plan unless such benefits are increased by appropriate amendment, as provided in Article XV, but shall be used to offset the City's contribution to the Plan.

ARTICLE VI

Credited Service

Section 1. *Credited Service.* A Member's Credited Service shall be used to determine their Accrued Benefit and eligibility for benefits under the Plan. A Member's Credited Service is the elapsed time period from their date of employment with the City, as an Employee, to their date of termination of such employment, except as limited within this Section.

A Member shall also accrue Credited Service under the Plan for any period of time during which the Member meets all of the following:

- a. is qualified for either:
 - (1) a total Disability as defined in Article II, Section 2., Subsection j., Paragraphs 1, 2, or 3; or
 - (2) a temporary total disability in the judgment of the City's designated worker's compensation physician;
- b. is receiving Disability Benefits; and
- c. is not receiving any payment from this Plan.

A Member may also accrue Credited Service under the Plan for any period of time up to a maximum accrual of two (2) years during which the Member meets all of the following:

- a. is qualified for a permanent partial disability in the judgment of the City's designated worker's compensation physician, administrative law judge or, if appealed, the court issuing the final judgment;
- b. is not working as an Employee in Covered Employment;
- c. is receiving Disability Benefits; and
- d. is not receiving any payment from this Plan.

In the event a Member receives a lump sum disability benefit payment in lieu of ongoing payments, the period of accrual of Credited Service shall be the period of entitlement which provided the basis for calculation of the lump sum amount.

Section 2. *Credited Service.*

a. Except as set forth in Subsection b. of this Section, Credited Service lost due to termination of Covered Employment occurring after December 31, 1998, shall not be reinstated upon the Member's return to Covered Employment. A Member who terminated Covered Employment prior to January 1, 1999, may be eligible for restoration of Credited Service upon a return to Covered Employment within five years of the termination of Covered Employment pursuant to the provisions of the Plan as it existed on December 31, 1998.

b. A member who leaves Covered Employment to undertake Qualified Military Service and meets the requirements specified in Article II, Section 2. Subsection w. shall be entitled to the accrual of Credited Service for the time spent in the Qualified Military Service providing the Member has not chosen to withdraw from the Plan and receive a benefit.

Section 3. *Effect of Other Plans.* Credited Service shall not include any period on the basis of which a retirement benefit is payable under any other defined benefit retirement or pension plan to which the City made contributions, other than benefits payable under the Federal Social Security Act.

Section 4. *Miscellaneous.* No period of Credited Service shall be deemed to be increased or extended by overtime. Using the date of hire and anniversary date thereafter in determining all Credited Service, service for fractional years shall be allowed on the basis of 1/12th year for each full month of employment as an Employee.

ARTICLE VII

Retirement Dates

Section 1. *Normal Retirement.* The Normal Retirement Date of a Member shall be their 65th birthday upon which date they shall become fully vested in their Accrued Benefit. For purposes of the commencement of payment of a Retirement Benefit, Normal Retirement Date shall mean the first of the month coincident with or following a Member's 65th birthday.

Section 2. *Early Retirement.* A Member or Vested Member who has attained the age of 55 years and has completed at least two years of Credited Service may elect to retire as of the first day of any calendar month, which shall not be more than 90 days after the filing of written notification with the Retirement Committee.

Section 3. *Delayed Retirement.* A Member may continue in the employment of the City after their Normal Retirement Date. If the retirement of a Member is delayed under this Section, their "Delayed Retirement Date" shall be the first of the month coincident with or following the Member's retirement.

Effective January 1, 2001 Members receiving required minimum distributions may choose to have their life expectancy, which is used in determining the amount of such distributions, calculated using the proposed January 2001 IRS Code Section 401(a)(9) regulations, notwithstanding any provision of the Plan to the contrary, as may be amended by the Internal Revenue Service.

Section 4. *Disability Retirement.* If a Member's Covered Employment by the City terminates by reason of their Disability, they shall be eligible for a Disability Benefit commencing on the first day of the month, coincident with or next following their 65th birthday, or upon termination of his or her long-term disability insurance benefits, if later.

Disability shall be considered to have ended if, prior to their 65th birthday, the Member loses their qualification for Disability and is no longer entitled to any additional Credited Service under Article VI, Section 1 for their Disability. If Disability ceases prior to the Member's 65th birthday, no Disability Benefits shall be paid to or for such Member. If the Member's Disability ceases prior to their 65th birthday (and if they are not reemployed by the City as an Employee) and if they have met the requirements for an Early or Deferred Retirement Benefit pursuant to Articles VII or XII on the date of their recovery from Disability, they shall be entitled to receive

a benefit equal in amount to the Early or Deferred Retirement Benefit to which they would have been entitled as of the date of their recovery, considering their Final Average Monthly Compensation at the date Disability commenced and their Credited Service on the date of their recovery from Disability.

In lieu of accruing additional Credited Service pursuant to the provisions of Article VI, Section 1, and in lieu of becoming eligible for a Disability Retirement or any other benefits described in the Plan, a Member whose Covered Employment by the City terminates by reason of their Disability may elect to receive:

a. an Early Retirement Benefit if the Member is otherwise qualified for such benefit, even though such Member remains Disabled. Such Early Retirement Benefit shall be based on consideration of their Final Average Monthly Compensation as of the date that their Disability commenced instead of the annual rate of Compensation as of the date of disablement; or

b. a single lump sum benefit described in Article XII, Section 3, if the Member is otherwise qualified for such benefit, even though such Member remains Disabled.

Section 5. *Retirement Date.* A Member's "Retirement Date" shall be on their Normal Retirement Date, their Early Retirement Date, their Delayed Retirement Date, or their Disability Retirement Date, whichever is applicable.

ARTICLE VIII

Retirement Benefits

Section 1. *Normal or Delayed Retirement.* Upon retirement at or after their Normal Retirement Date, each Retired Member shall receive a monthly Retirement Benefit equal to 1 1/2% of the Member's Final Average Monthly Compensation multiplied by the total number of years of the Member's Credited Service.

Section 2. *Early Retirement.* A Member or Vested Member, eligible for early retirement and retiring prior to their Normal Retirement Date, shall be entitled to a reduced Retirement Benefit which shall be their vested Accrued Benefit on their Early Retirement Date, reduced by 1/180 for each of the first 60 months and 1/360 for each additional month by which the payments commence prior to the first of the month following their Normal Retirement Date.

Section 3. *Disability Retirement.* The Disability Retirement benefit of a Member eligible therefor shall be their Accrued Benefit on the date their Benefit commences, based on their annual rate of Compensation on their date of disablement, and the Credited Service as defined in Article VI, Section 1, unless the Member's disability ceases prior to age 65 (see Article VII, Section 4).

Section 4. *Payment of Benefits.* The basic monthly Retirement Benefit, computed as set forth above, shall be paid in equal monthly payments commencing on the last day of the month following the month of their Retirement Date, and continuing at monthly intervals for the

Retired Member's lifetime thereafter. If a Retired Member or Beneficiary should die during a monthly interval, a partial monthly payment shall be paid.

Notwithstanding the above, if the value of a terminated Member's vested Accrued Benefit derived does not exceed \$5,000, the entire vested benefit shall be paid to such Member in a single lump sum, regardless of when the Member terminated Covered Employment.

Section 5. *Minimum Monthly Payment.* If the amount of the monthly Retirement Benefit payable to a retired Member is less than \$100, the retired Member shall be paid a single-sum equal to the Actuarial Equivalent of such Retirement benefit. For retired Members who commenced Covered Employment prior to June 1, 1998, said Actuarial Equivalent specified in this Section 5 shall be as defined by Article II, Section 2, Subsections b(2)(a) and b(3) of this Plan. For retired Members who commenced Covered Employment on or after June 1, 1998, said Actuarial Equivalent specified in this Section 5 shall be as defined by Article II, Section 2, Subsections b(2)(b) and b(3) of this Plan.

Section 6. *Accrued Credits and Vested Benefits Under the Previous Plan Preserved.* The restatement of the previous Plan by this Plan shall not operate to exclude, diminish, limit or restrict the payment or continuation of the payment of benefits accrued prior to the Effective Date of this Plan. The amount and payment of any such previous Plan benefits, shall be continued by the Funding Agent under the Funding Agreement forming a part of this Plan, in the same manner, undiminished, preserved, and fully vested under this Plan, except as provided in Article VIII, Sections 7, 8, 9 and 10.

The eligibility for, and amount of, any benefit of any kind, payable under this Plan to or for any person who was a Member of a previous Plan and who became a Member of the January 1, 1992 restated Plan, as amended, and as it is amended and restated December 31, 2001, and as it may be amended and restated in the future, shall be determined under the provisions of this Plan.

Section 7. *Increased Benefits for Certain Retired Members and Beneficiaries as of September 1, 1981.* Effective September 1, 1981, the monthly benefits of Retired Members and Beneficiaries whose monthly payments commenced prior to September 1, 1981 were increased as follows:

| <u>Commencement Date of Payment of First Benefit to Retired Members or Beneficiaries</u> | <u>Percentage Amount of Increase in Monthly Benefits</u> |
|--|--|
| 1981 | 5% |
| 1980 | 10% |
| 1979 | 15% |
| 1978 | 20% |
| 1977 | 25% |
| 1976 | 30% |
| 1975 | 35% |
| 1974 | 40% |

| <u>Commencement Date of Payment of First Benefit to Retired Members or Beneficiaries</u> | <u>Percentage Amount of Increase in Monthly Benefits</u> |
|--|--|
| 1973 | 45% |
| 1972 | 50% |
| 1971 | 55% |

If a benefit was being paid to a Beneficiary or contingent annuitant, the year of Retirement Date for purposes of using the above table was the initial Retirement Date of the Member or the date the Beneficiary's benefit commenced, if no benefit payments were made to the Member.

Section 8. *Increased Benefits for Certain Retired Members and Beneficiaries as of November 1, 1983.* Effective November 1, 1983, the monthly benefits to retired Members and Beneficiaries of the Plan whose payments commenced prior to November 1, 1983, were increased as follows:

| <u>Commencement Date of Payment of First Benefit to Retired Members or Beneficiaries</u> | <u>Percentage Amount of Increase in Monthly Benefits</u> |
|--|--|
| Prior to September 1, 1982 | 10% |
| On or after September 1, 1982 | 5% |

If a benefit was paid to a Beneficiary or contingent annuitant, the date payments commenced for the purpose of using the above table was the initial Retirement Date of the Member or the date the Beneficiary's benefit commenced if no benefit payments were made to the Member.

Section 9. *Increased Benefits for Certain Retired Members and Beneficiaries as of July 1, 1990.* Effective July 1, 1990, the monthly benefit of Retired Members and Beneficiaries whose payments commenced prior to July 1, 1989, were increased. Such increase was as follows:

| <u>Commencement Date of Payment of First Benefit to Retired Members or Beneficiaries</u> | <u>Percentage Amount of Increase in Monthly Benefits</u> |
|--|--|
| June 30, 1989 - July 1, 1990 | 0% |
| June 30, 1988 - July 1, 1989 | 3% |
| June 30, 1987 - July 1, 1988 | 6% |
| June 30, 1986 - July 1, 1987 | 9% |
| June 30, 1985 - July 1, 1986 | 12% |
| June 30, 1984 - July 1, 1985 | 15% |

| <u>Commencement Date of Payment of First Benefit to Retired Members or Beneficiaries</u> | <u>Percentage Amount of Increase in Monthly Benefits</u> |
|--|--|
| November 1, 1983 - July 1, 1984 | 18% |
| Prior to November 1, 1983 | 20% |

Section 10. *Increased Benefits for Certain Retired Members and Beneficiaries as of January 1, 2000.* Effective January 1, 2000, the monthly benefits of Retired Members and Beneficiaries whose monthly payments commenced prior to January 1, 1999, were increased as follows:

| <u>Commencement Year of Payment of First Benefit to Retired Members or Beneficiaries</u> | <u>Percentage Amount of Increase in Monthly Benefits</u> |
|--|--|
| 1990 and prior | 15.28% |
| 1991 | 12.38% |
| 1992 | 10.39% |
| 1993 | 8.33% |
| 1994 | 6.73% |
| 1995 | 4.95% |
| 1996 | 3.40% |
| 1997 | 1.06% |
| 1998 | 0.58% |
| 1999 and after | 0% |

These increased benefits were only applicable to Retired Members or Beneficiaries who began receiving a monthly benefit during the above specified years. These increased benefits shall not be applicable to Retired Members or Beneficiaries who have taken a single-sum benefit or Vested Members who have not commenced receiving a monthly benefit during the above specified years.

ARTICLE IX

Retirement Benefits and Rights Inalienable

Section 1. *Inalienability.* Members, Retired Members, Vested Members and their Beneficiaries under the Plan are hereby restrained from selling, transferring, anticipating, assigning, hypothecating, or otherwise disposing of their Retirement Benefit, prospective Retirement Benefit, or any other rights or interest under the Plan, and any attempt to anticipate, assign, pledge, or otherwise dispose of the same shall be void. Said Retirement Benefit, prospective Retirement Benefit and rights and interests of said Members, Retired Members, Vested members or Beneficiaries shall not at any time be subject to the claims of creditors or liabilities or torts of said Members, Retired Members, Vested Members or Beneficiaries, nor be liable to attachment, execution, or other legal process. Notwithstanding the foregoing, the

Retirement Committee may approve payment to an alternate payee based upon any assignment for child support purposes as provided for in sections 14-10-118(1) and 14-14-107 C.R.S., as they existed prior to July 1, 1996; any income assignments for child support purposes pursuant to section 14-14-111.5, C.R.S.; any writ of garnishment which is the result of a judgment taken for arrearages for child support or for child support debt; and any payments made in compliance with a properly executed court order approving a written agreement entered into pursuant to section 14-10-113(6), C.R.S., and such payment shall not be deemed to be a prohibited alienation of benefits. Such Qualified Domestic Relations Orders shall be binding on all Members, Beneficiaries and other parties. In no event shall the existence or enforcement of an Order cause the Trust Fund to pay benefits with respect to a Member in excess of the actuarial present value of the Member's benefits without regard to the Order, and benefits otherwise payable under the Plan shall be reduced by the actuarial present value of any payment required pursuant to an Order.

Section 2. *Bankruptcy.* If any Member, Retired Member, Vested Member or Beneficiary shall become bankrupt or attempt to anticipate, assign or pledge any benefits under this Plan, then such benefits shall cease, and in that event the Retirement Committee shall have the authority to cause the same, or any part thereof, to be held or applied to or for the benefit of such Member, their spouse, children, or other dependents, in such manner and in such proportions as the Retirement Committee shall decide.

ARTICLE X

Optional Forms Of Benefits

Section 1. *General.* Subject to such uniform rules and regulations as the Retirement Committee may prescribe and the spousal consent as required in this Article X, Section 6, a Member or Vested Member may, in lieu of the basic Retirement Benefits provided in Article VIII, elect one of the following forms of Retirement Benefits which shall be the Actuarial Equivalent of the benefit to which they would otherwise be entitled. The Member or Vested Member must make any election of an optional form of benefit in writing, and such election must be filed with the Retirement Committee at least 30 days prior to the due date of the first payment of their Retirement Benefits under this Plan. The election of an optional form of benefit may be changed at any time prior to 30 days preceding the due date of the first payment of Retirement Benefits under the Plan. However, an optional form of benefit may not be elected unless such benefit payments are made in compliance with IRS Code Section 401(a)(9) and the regulations thereunder.

Section 2. *100% Joint and Survivor Benefit.* The Member may elect a 100% Joint and Survivor Benefit which provides reduced monthly Retirement Benefit payments during the Retired Member's life, and, upon their death after retirement, continues payments in the same reduced amount to a designated Beneficiary during the life of such Beneficiary.

Section 3. *50% Joint and Survivor Benefit.* The Member may elect a 50% Joint and Survivor Benefit which provides reduced monthly Retirement Benefit payments during the Retired Member's life, and, upon their death after retirement, continues payments in an amount

equal to one-half of the amount of such reduced payment to a designated Beneficiary during the life of such Beneficiary.

Section 4. *120 Months Certain and Life Benefit.* The Member may elect a 120 Months Certain and Life Benefit which provides reduced monthly Retirement Benefit payments during the Retired Member's life, and in the event they die prior to receiving 120 monthly payments, the same reduced amount shall be continued to their Beneficiary until a total of 120 monthly payments have been made.

Section 5. *Single-Sum Benefit.* The Member may elect as an optional form of benefit a single-sum benefit equal to the Actuarial Equivalent of the basic Retirement Benefit, as defined by Article II, Section 2, Subsections b(2)(b) and b(3) of this Plan. If so elected, such single-sum shall be paid within 90 days of eligibility for receipt of a Retirement Benefit.

Section 6. *Beneficiary.* Each active, Vested or Retired Member may designate a Beneficiary to receive any benefit that may become payable under this Plan by reason of their death. However, if a married Member wishes to designate someone other than their spouse to be their Beneficiary, such designation will not become effective unless their spouse (if the spouse can be located) consents in writing to such designation, acknowledges the effect of such designation and has such consent and acknowledgment witnessed by a Plan representative or a notary public. Such designation shall not become effective until filed with the Retirement Committee.

If any Member shall fail to designate a Beneficiary, or if the one designated by them predeceases them, then the Retirement Committee is hereby empowered to designate a Beneficiary (or Beneficiaries) on their behalf, but only from among the following with priority in the order named below, which shall include persons legally adopted:

- a. their spouse, or if none;
- b. their children and children of deceased children, by right of representation, or if none;
- c. their parents, or if none;
- d. their brothers and sisters and nephews and nieces who are children of deceased brothers and sisters, by right of representation, or if none;
- e. their estate.

ARTICLE XI

Death Benefits

Section 1. *Death of An Active Member, a Disabled Member or a Vested Member Prior to Normal Retirement Date.* In the event that a Member who is actively employed in Covered Employment or a Disabled Member dies prior to the commencement of their

Retirement Benefit, a single-sum death benefit will be paid to the Member's Beneficiary. The single-sum death benefit will be determined such that it is equal to 47% of the Actuarial Equivalent value of the life annuity benefit which would have been paid had the Member separated from service at the earlier of the actual time of separation or death, survived until the earliest retirement age (or date of death, if later) and retired with a life annuity. If the Beneficiary is the Member's spouse, the spouse may elect a monthly benefit which is the Actuarial Equivalent of the single-sum death benefit. The monthly benefit to the surviving spouse shall commence on the last day of the month following the later of the Member's 55th birthday or the Member's date of death and be payable for the spouse's life. If the Member was not married at the time of death, the Beneficiary will receive the Single-Sum Death Benefit. If no Beneficiary exists, the estate will receive the Single-Sum Death Benefit.

For Beneficiaries of Members who commenced Covered Employment prior to June 1, 1998, the Actuarial Equivalence for the single-sum death benefit will be determined by using the interest rate specified in Article II, Section 2, Subsections b(1) and b(3) of this Plan. For Beneficiaries of Members who commenced Covered Employment on or after June 1, 1998, the Actuarial Equivalence for the Single-Sum Death Benefit will be determined by using the interest rate specified in Article II, Section 2, Subsections b(2)(b) and b(3) of this Plan.

In the event that a Vested Member who became such after January 1, 1994, and, thus, accrued Credited Service after December 31, 1993, dies prior to commencement of their Retirement Benefit, a death benefit will be paid. This death benefit shall be paid as set forth in the first paragraph of this section. Death Benefits, if any, payable to any Vested Member who became such prior to January 1, 1994 and did not accrue any Credited Service after December 31, 1993 shall be determined in accordance with the provisions of the Plan as of the date the Member ceased to be in Covered Employment.

Section 2. *Death of a Retired Member.* In the event a Retired Member dies while receiving Retirement Benefit payments, their death benefit, if any, will be determined by the form of Retirement Benefit being paid. If a Retired Member or Beneficiary should die during a monthly interval, a partial monthly payment shall be paid.

Section 3. *Uniform Simultaneous Death Act.* The provisions of any State law providing for the distribution of estates under the Uniform Simultaneous Death Act shall govern the distribution of money payable under this Plan when applicable.

Section 4. *Minimum Monthly Payment.* If the amount of the monthly benefit payable to a Beneficiary is less than \$100, the Beneficiary shall be paid a single-sum equal to the Actuarial Equivalent of such benefit. For Beneficiaries of Members who commenced Covered Employment prior to June 1, 1998, said Actuarial Equivalent specified in this Section 4 shall be as defined by Article II, Section 2, Subsections b(1) and b(3) of this Plan. For Beneficiaries of Members who commenced Covered Employment on or after June 1, 1998, said Actuarial Equivalent specified in this Section 4 shall be as defined by Article II, Section 2, Subsections b(2)(b) and b(3) of this Plan.

ARTICLE XII

Vesting and Severance Benefits

Section 1. Coverage. Benefits shall be paid to a Member under this Article if their employment with the City of Fort Collins terminates for reasons other than retirement or death.

Section 2. Vesting Schedule. In the event a Member's employment terminates prior to their Normal Retirement Date, and they have two or more years of Credited Service, they shall become a Vested Member. A Vested Member shall be entitled to a deferred Retirement Benefit which shall be the vested portion (as shown in the table below) of their Accrued Benefit on the date of the termination of their Credited Service.

| <u>Completed Years of Credited Service</u> | <u>Percent of Vested Accrued Benefit</u> |
|--|--|
| Less than 2 | 0% |
| 2 | 40% |
| 3 | 60% |
| 4 | 80% |
| 5 or more | 100% |

Such deferred Retirement Benefit shall be payable at the Vested Member's Normal Retirement Date.

In lieu of receiving a deferred Retirement Benefit upon their Normal Retirement Date, the Vested Member may elect to receive a reduced Retirement Benefit beginning upon the last day of any month subsequent to their attainment of age 55. The reduction shall be 1/180 for each of the first 60 months and 1/360 for each additional month beyond the first 60 months by which payments commence prior to the first of the month following their Normal Retirement Date.

Section 3. Single Lump Sum Benefit. Following termination of employment with the City of Fort Collins and in lieu of receiving a monthly Retirement Benefit upon their Normal or Early Retirement Date, a Vested Member has the option of receiving a single lump sum benefit equal to the Actuarial Equivalent of the Member's deferred Retirement Benefit as defined by Article II, Section 2, Subsections b(2)(b) and b(3) of this Plan. To receive this lump sum benefit, the Vested Member must make a written request for this benefit at or after the time of termination of employment but not less than 30 days prior to the due date of the first payment of the Normal or Early Retirement Benefit. If so requested, this lump sum benefit shall be paid within 90 days of the receipt of the written request. If the value of a terminated Vested Member's derived Accrued Benefit does not exceed \$5,000, the entire vested benefit shall be paid to such Member in a single lump sum, regardless of when the Member terminated employment with the City of Fort Collins.

If the deferred Retirement Benefit to which a Vested Member will be entitled at their Normal Retirement Date is less than \$100.00 per month, the Vested Member shall not have the election set forth in the previous paragraph and they shall be paid, within 90 days of termination

of employment with the City of Fort Collins, a single-sum equal to the Actuarial Equivalent of such deferred Retirement Benefit, in lieu of all other benefits due to such Vested Member under this Plan. For Vested Members who commenced Covered Employment prior to June 1, 1998, said Actuarial Equivalent specified in this paragraph shall be as defined by Article II, Section 2, Subsections b(2)(a) and b(3) of this Plan. For Vested Members who commenced Covered Employment on or after June 1, 1998, said Actuarial Equivalent specified in this paragraph shall be as defined by Article II, Section 2, Subsections b(2)(b) and b(3) of this Plan.

ARTICLE XIII

Direct Rollovers

Section 1. *Distributions Made On or After January 1, 1993.* This Section applies to distributions made on or after January 1, 1993. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this Section, a Distributee may elect, at the time and in the manner prescribed by the Retirement Committee, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover.

Section 2. *Definitions*

a. "Direct Rollover" means a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

b. "Distributee" means an Employee or former Employee. In addition the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in IRS Code Section 414(p), are Distributees with regard to the interest of the spouse or former spouse.

c. "Eligible Retirement Plan" means an individual retirement account described in IRS Code Section 408(a), an individual retirement annuity described in IRS Code Section 408(b), an annuity described in IRS Code Section 403(a), or a qualified trust described in IRS Code Section 401(a), that accepts the Distributee's Eligible Rollover Distribution. However, in the case of an Eligible Rollover Distribution to the surviving spouse, an Eligible Retirement Plan is an individual retirement account or individual retirement annuity.

d. "Eligible Rollover Distribution" means a distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include:

(i) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated Beneficiary; or for a specified period of 10 years or more;

- (ii) any distribution to the extent such distribution is required under IRS Code Section 401(a)(9); and
- (iii) the portion of any distribution that is not includible in gross income.

ARTICLE XIV

Money Purchase Plan

Section 1. *Conversion Options.*

a. Each Employee hired prior to January 1, 1998 and who remained in Covered Employment as of January 1, 1999, who filed with the City by August 14, 1998, a retirement plan selection form approved by the City stating their decision to convert from participation in the Plan to a money purchase plan was converted from the Plan to a money purchase plan as designated by the City, effective January 1, 1999. Upon conversion, the Employee shall not be permitted to participate further in the Plan.

b. Each Employee hired after December 31, 1997, but before January 1, 1999, and who remained in Covered Employment as of the date of conversion under this Subsection was given the option of converting from the Plan to a money purchase plan as designated by the City. Such conversion option was provided to such Employees during the first six months of 1999 at a time and in a manner determined by the City. Upon conversion, the Employee shall not be permitted to participate further in the Plan.

Section 2. *Transfer of Transition Account Balance.*

a. Each Employee, hired prior to January 1, 1998 and who remained in Covered Employment as of January 1, 1999, who filed with the City by August 14, 1998, a retirement plan selection form approved by the City stating the Employee's decision to convert from participation in the Plan to a money purchase plan had the amount of their Transition Account Balance in the Plan as of December 31, 1998, transferred to an account in the Employee's name in the money purchase plan designated by the City. Such transfer occurred on December 31, 1998, or as soon thereafter as reasonably practicable. At the time of transfer, each transferring Employee was 100% vested in the Transition Account Balance. As of January 1, 1999, the transferring Employee shall not be entitled to any further or future benefits of any kind from the Plan.

b. Each Employee hired after December 31, 1997, but before January 1, 1999, and who remained in Covered Employment as of the date of transfer under this Subsection, who filed with the City by the date determined by the City pursuant to this Article XIV, Section 2, Subsection 1b., a retirement plan selection form approved by the City stating the Employee's decision to convert from participation in the Plan to a money purchase plan had the amount of their Transition Account Balance in the Plan transferred to an account in the Employee's name in the money purchase plan designated by the City. Such transfer occurred within the first six months of 1999, or as soon thereafter as was reasonably practicable, at a time set by the City. At the time of transfer, each transferring

Employee was 100% vested in the Transition Account Balance. As of the date of transfer, the transferring Employee shall not be entitled to any further or future benefits of any kind from the Plan.

Section 3. *Transition Account Balance Defined.*

a. For purposes of Article XIV, Section 2a., the Transition Account Balance transferred from the Plan to an Employee's account in the money purchase plan was equal to the greater of the following:

(1) the lump sum Actuarial Equivalent value of the Employee's Accrued Benefit as of December 31, 1998. For this purpose, the lump sum Actuarial Equivalent value was determined based on the assumptions described in Article II, Section 2b, Subsection (2)(b) and Section 2b, Subsection (3).

(2) the amount which would have accumulated in a money purchase plan account from the Employee's date of hire until December 31, 1998 based on the following factors:

(a) contributions of 4.5% of the Member's salary;

(b) interest earnings of 7.5% per year; and

(c) salary increases of 4.5% per year, with the salary for prior years determined by discounting the 1998 rate of pay by 4.5% per year back to the date of hire.

b. For purposes of this Article XIV, Section 2b., the Transition Account Balance transferred from the Plan to an Employee's account in the money purchase plan was calculated by the same method as described in Article XIV, Section 3a., except that the date of December 31, 1998, was replaced with the appropriate transfer date selected by the City pursuant to this Article XIV, Section 2b. of this Article.

Section 4. *Extension of Selection Deadline.* The Retirement Committee was empowered to extend the selection filing deadlines described in Article XIV, Sections 1 and 2 for any Employee who was, through no fault of the Employee, unable to file the Selection Form by the applicable deadline set by the City. The burden was upon such Employee to establish by clear and convincing evidence that the failure to file the Selection Form by the deadline was not the result of the Employee's neglect, carelessness, delay, procrastination, forgetfulness, or otherwise the fault of the Employee.

Section 5. *Minimum Single-Sum Amount.* For each Employee who remains in the Plan and continues in Covered Employment through the applicable actual conversion date set forth in Article XIV, Section 1, the amount of any single-sum benefit subsequently selected by such Employee shall not be less than the amount of the Transition Account Balance as defined in Article XIV, Section 3.

Section 6. Contingency. The above Sections of this Article notwithstanding, the conversions and transfers described in this Article would not have occurred if the Retirement Committee determined, based upon actuarial evidence, that the conversion and transfer would have had an adverse effect upon the funding needs or actuarial soundness of the Plan for those Members who chose to remain in the Plan, or that the Plan would not have been able to meet its near-future benefit obligations. Such determination by the Retirement Committee was considered at a special meeting of the Retirement Committee held on December 17, 1998.

ARTICLE XV

Modification Or Termination Of Plan

Section 1. Expectation. It is the expectation of the City Council that it will continue this Plan and the payment of its contributions hereunder indefinitely, but continuance of the Plan is not assumed as a contractual obligation of the City.

Section 2. Amendment. The City Council reserves the right to alter, amend, or terminate the Plan or any part thereof in such manner as it may determine, and such alterations, amendment or termination shall take effect upon notice thereof from the City Council to the Retirement Committee; provided that no such alteration or amendment shall permit any part of the Fund to revert to or be recoverable by the City or to be used for or diverted to purposes other than for the exclusive benefit of Members, Retired Members, Vested Members or Beneficiaries under the Plan, except such monies, if any, that may remain after termination of the Plan and the funding agreement (and after satisfaction of all liabilities with respect to Members, Retired Members, Vested Members and Beneficiaries under the Plan) and which are due solely to erroneous actuarial assumptions.

Section 3. Approval Under the Internal Revenue Code. The Plan is intended to comply with the requirements of the applicable provisions of IRS Code Section 401(a) as now in effect or as hereafter amended, and any modification or amendment of the Plan may be made retroactive, as necessary or appropriate, to establish and maintain such compliance.

Section 4. Discontinuance. The City Council reserves the right at any time and for any reason satisfactory to it to discontinue permanently all contributions under this Plan. Such discontinuance shall be deemed to be a complete termination of the Plan.

Section 5. Termination. In the event of a partial or complete termination of the Plan, all affected monies covered by the Plan and the funding agreement shall be allocated to Members, Retired Members, Vested Members and Beneficiaries in proportion to the actuarial reserves for each Member's (or Beneficiary's) Accrued Benefit at the date of termination of the Plan.

Section 6. Distribution. When the monies covered by the Plan and the Funding Agreement have been allocated as indicated above, the distribution may be made in the form of cash or nontransferable annuity contracts as determined by the Retirement Committee, provided that any monies remaining after the satisfaction of all liabilities to Members, Retired Members,

Vested Members and Beneficiaries under the Plan may be withdrawn by the Retirement Committee from the Fund and refunded to the City.

ARTICLE XVI

Limitations

Section 1. *Limitation of Benefits.* Notwithstanding any other provision contained herein to the contrary, the benefits payable to an Employee from this Plan provided by City contributions shall be subject to the limitations of IRS Code Section 415 in accordance with (1) and (2) below:

a. **Defined Benefit Plan Only:** Any annual Pension payable to an Employee hereunder shall not exceed:

\$90,000, adjusted for increases in the cost-of-living, or otherwise as prescribed by the Secretary of the Treasury or their delegate, or occasioned by legislation effective January 1 of each calendar year, or, if greater, the amount of straight life or qualified joint and survivor annuity accrued by the Member as of December 31, 1982.

Except as provided below, the foregoing limitations shall not be applicable with respect to any Member whose annual Pension under this Plan is less than \$10,000 if such Member has not at any time participated in any defined contribution plan maintained by the City. In the event that a Member has been credited with less than ten years of participation service, the maximum annual Pension allowable under this Section shall be reduced by multiplying such maximum annual Pension by a fraction, the numerator of which is the number of such Member's years of participation service and the denominator of which is ten.

The preceding sentence shall, to the extent required by the Secretary of the Treasury, be applied separately to each change in benefit accrual rate hereunder. In the event that a Member has been credited with less than ten (10) years of participation service, the dollar amount otherwise applicable under the first sentence of this paragraph shall be reduced by multiplying each by a fraction, the numerator of which is the number of such Member's years of participation service (or part thereof), but never less than one (1), and the denominator of which is ten (10).

The limitations of this Section apply to a straight life annuity with no ancillary benefits and to an annuity that constitutes a qualified joint and survivor annuity, provided payment begins between ages 62 and 65. If payment commences before age 62, the foregoing limitations shall be reduced so that they are Actuarially Equivalent to such a benefit commencing at age 62. However, the reduction of this paragraph shall not reduce the limitation below \$75,000, if payment commences after age 55, or below the Actuarial Equivalent of \$75,000 commencing at age 55, if payment commences before age 55. If payment commences after age 65, the limitation shall be the Actuarial Equivalent of a \$90,000 annual benefit commencing at age 65. The interest assumption for purposes of

determining Actuarial Equivalency under this paragraph shall be the interest rate otherwise used for purposes of computing optional forms of income payable under the Plan, but the rate shall not be less than 5% annually if benefits commence before age 62 and shall not exceed 5% annually if benefits commence after age 65.

In no event shall a Member's maximum annual Pension allowable under this Section be less than the annual amount of Pension (including Early Retirement Benefits and qualified joint survivor annuity amounts) duly accrued by such Member under IRS Code Section 415 limitations then in effect as of December 31, 1982 (disregarding any plan changes or cost-of-living adjustments occurring after July 1, 1982, as to the 1982 accrued amount).

b. Aggregation of Defined Benefit and Defined Contribution Plans.

(1) In applying the limits of this Article XVI, Section 2, the benefits and contributions to all other Retirement Plans sponsored by the Employer shall be taken into consideration, except for multiemployer plans.

(2) Except as noted in paragraph 1, all defined benefit plans sponsored by the Employer are treated as a single plan. Benefits payable under any other plan with respect to a Member shall be reduced to the extent possible before any reduction will be made in such Member's benefits under this Plan, if necessary to observe these limits.

If, for Limitation Years beginning before 2000, a Member also participates in one or more defined contribution plans maintained by the City, then for such limitation year, the sum of the defined benefit plan fraction and defined contribution plan fraction (as described below) for such limitation year shall not exceed one. The Defined Benefit fraction for any limitation year shall mean a fraction (a) the numerator of which is the projected annual benefit of the Member under the Plan (determined as of the close of the limitation year), and (b) the denominator of which is the lesser of 125% of the dollar limitation under IRS Code Section 415(b)(1)(A) or 140% of the percentage limitation under IRS Code Section 415(b)(1)(B) for the year of determination (taking into account the effect of Section 235(g)(4) of the Tax Equity and Fiscal Responsibility Act of 1982). The defined contribution fraction for any limitation year shall mean a fraction (a) the numerator of which is the sum of the annual additions (as defined in IRS Code Section 415(c)(2)) to the Member's accounts under all defined contribution plans maintained by the City as of the close of the limitation year (subject to reduction to the extent permitted under the transition rule in Section 235(g)(3) of the Tax Equity and Fiscal Responsibility Act of 1982), and (b) the denominator of which is the sum of the lesser of 125% of the dollar limitation under IRS Code Section 415(c)(1)(A) or 140% of the percentage limitation under IRS Code Section 415(c)(1)(B) for such limitation year and for all prior limitation years during which the Employee was employed by the City (provided, however, at the election of the Committee, the denominator shall be increased by using (for limitation years ending prior to January 1, 1983), an amount equal to the denominator in effect for the limitation year ending in 1982, multiplied by the transition fraction provided in IRS Code Section 415(e)(6)(B)).

If, for limitation years beginning before 2000, the sum of the defined benefit plan fraction and the defined contribution plan fraction for a Member would exceed one without adjustment of the amount of the maximum annual Pension that can be paid to such Member under paragraph (1) of this Section, then the amount of the maximum annual Pension that can be paid to such Member under paragraph (1) of this Section, shall be reduced to the extent necessary to reduce the sum of the defined benefit plan fraction for such Member to one, or the Committee may take such other actions as will cause the sum to equal one or less.

For purposes of this Section, the limitation year shall be the calendar year.

Section 2. Consolidation or Merger. This Plan shall not be merged or consolidated with, nor shall any assets or liabilities be transferred to any other Plan, unless the benefits payable to each Member (if the Plan were terminated immediately after such action) would be equal to or greater than the benefits to which such Member would have been entitled if this Plan had been terminated immediately before such action.

ARTICLE XVII

Administration Of The Plan

Section 1. Retirement Committee. A Retirement Committee composed of six members shall administer the Plan. The City's Director of Finance shall be a member of the Committee and shall keep all records and minutes of meetings. The other five members of the Committee shall be appointed by the City Council to serve at its pleasure and for overlapping terms designated by the City Council. Of the five appointed members, three shall be Employees covered by the Plan, the fourth shall be either an Employee who is covered by the Plan or a tax-paying elector of the City, and the fifth shall be a Retired Member of the Plan who is receiving a monthly retirement benefit from the Plan.

A majority of the six members of the Committee shall constitute a quorum. All actions taken by the Committee shall be approved by a majority vote of all of the members of the Committee present.

No member of the Committee shall receive compensation for their service on the Committee but a member may be reimbursed for reasonable expenses incurred in connection with their duties as a member of the Committee.

Section 2. Management of the Plan. The Retirement Committee shall have all powers necessary to effect the management and administration of the Plan in accordance with its terms, including, but not limited to, the following:

- a. To designate a Funding Agent, which may be the Retirement Committee, the financial officer of the City, an insurance company, or a trustee, to manage the Retirement Fund.

- b. To establish rules and regulations for the administration of the Plan, for managing and discharging the duties of the Committee, for the Committee's own government and procedure in so doing, and for the preservation and the protection of the Funds.
- c. To interpret the provisions of the Plan and to determine any and all questions arising under the Plan or in connection with the administration thereof. A record of such actions and all other matters properly coming before the Committee shall be kept and preserved.
- d. To determine all considerations affecting the eligibility of any Employee to be or become a Member of the Plan.
- e. To determine the Credited Service of any Member and to compute the amount of Retirement Benefit, or other sum, payable under the Plan to any person.
- f. To authorize and direct all disbursements of Retirement Benefits and other sums under the Plan.
- g. With the advice of its actuary, to adopt, such mortality and other tables as it may deem necessary or appropriate for the operation of the Plan from time to time.
- h. To make or arrange for valuations and appraisals of Fund assets held under the Plan, and, with the advice of the actuary, to determine the liabilities of the Plan.
- i. To hold assets of the Plan in a special account entitled "Retirement Plan Fund," and invest and reinvest the same and to make such withdrawals therefrom as are authorized by the Plan for the payment of Retirement Benefits and the expenses of the Committee and the members thereof.
- j. To maintain such records and accounts and to render such financial statements and reports as may be required by the City Council.
- k. To authorize one or more members of the Retirement Committee to sign all legal documents and reports on behalf of the Retirement Committee.

Section 3. *Miscellaneous.* All proper expenses incurred by the Retirement Committee in the administration of the Plan, if not paid by the City, shall be paid from the Fund when authorized by the Retirement Committee.

The Retirement Committee shall have no power to add to, subtract from or modify any of the terms of the Plan, nor to change or add to any benefits provided by the Plan, nor to waive or fail to apply any requirements of eligibility for Retirement Benefits under the Plan. A member of the Retirement Committee shall not vote on any matter relating solely to such Member's rights or benefits under the Plan. If a Committee Member is so disqualified to act and the remaining Members cannot agree, the City Council shall appoint a temporary substitute member to exercise all of the powers of the disqualified Member concerning the matter in which such disqualified Member is disqualified.

The decision of the Retirement Committee and any action taken by it in respect to the management of the Plan shall be conclusive and binding upon any and all Employees, officers, former Employees and officers, Members, Retired Members, Vested Members, their Beneficiaries, heirs, distributees, executors, and administrators and upon all other persons whomsoever, but the Committee at all times shall act in a uniform and nondiscriminatory manner. Neither the establishment of this Plan nor any modifications thereof or any action taken thereunder or any omission to act, by the Retirement Committee, the City Council or any of their members shall be construed as giving to any Member or other person any legal or equitable right against the City or any officer or employee thereof or against the Retirement Committee, the City Council, or any of their members.

RESOLUTION 2002-103
OF THE COUNCIL OF THE CITY OF FORT COLLINS
ADOPTING THE SECOND AMENDMENT TO
THE CITY OF FORT COLLINS GENERAL EMPLOYEES'
RETIREMENT PLAN AS AMENDED AND RESTATED
EFFECTIVE DECEMBER 31, 2001

WHEREAS, the City Council adopted, effective January 1, 1971, a qualified defined benefit pension plan known as the City of Fort Collins Employees' Retirement Plan (the "1971 Plan"), for the purpose of providing retirement benefits for certain of its employees; and

WHEREAS, the City Council has amended the 1971 Plan from time to time and restated the 1971 Plan to incorporate all prior amendments and other changes required by law effective December 31, 2001 (the "2001 Restated Plan"), via Section 1 of Resolution 2001-157; and

WHEREAS, the City Council adopted the first amendment to the 2001 Restated Plan effective January 1, 2002, via the adoption of Section 2 of Resolution 2001-157; and

WHEREAS, the General Employees' Retirement Committee (the "Committee"), as created by and functioning pursuant to Chapter 21, Article V of the City Code, has reviewed the current provisions of the 2001 Restated Plan as amended, and has determined that the adoption of a second amendment is necessary in order to maintain the 2001 Restated Plan's compliance with Internal Revenue Code Regulations and to obtain a favorable determination letter from the Internal Revenue Service; and

WHEREAS, the Committee has recommended that City Council adopt the following second amendment to the 2001 Restated Plan.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FORT COLLINS, COLORADO that the City of Fort Collins General Employees' Retirement Plan as amended and restated December 31, 2001, is amended, effective January 1, 2002, by amending the definition of "Compensation" at Article II, Section 2.g. to read as follows:

(g) "Compensation" means the total cash remuneration paid to an Employee for a calendar year by the City for personal services including performance pay as reported on the Employee's income tax withholding statement or statements (Form W-2, or its subsequent equivalent), excluding bonuses, compensatory time recorded as additional hours, overtime pay, lump-sum payments for accrued vacation time, worker's compensation, taxable fringe benefits including life insurance in excess of \$50,000 and any contribution by the City under this or any other qualified Plan, but including any pre-tax Employee contributions to qualified retirement plans of the City and any amounts contributed by the City pursuant to a salary reduction agreement which were excludable from the Employee's gross income under Code

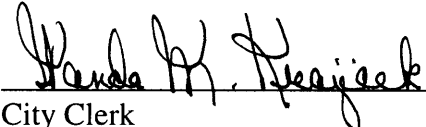
Section 125, Code Section 132(f)(4), Code Section 402(a)(8), Code Section 403(b), Code Section 402(h), or Code Section 457. However, for Plan Years beginning before January 1, 1998, such amounts contributed by the City pursuant to a salary reduction agreement which were excludable from the Employee's gross income shall not be included in Compensation for the purpose of applying the limitations on allocations and benefits under Code § 415. The amount of Compensation for purposes of the Plan during any Plan Year shall not exceed \$200,000, subject to the cost-of-living adjustments in accordance with IRS Code Section 415(d), as amended and then in effect.

Passed and adopted at a regular meeting of the Council of the City of Fort Collins held this 5th day of November, A.D. 2002.



Mayor

ATTEST:



City Clerk

RESOLUTION 2003-078
OF THE COUNCIL OF THE CITY OF FORT COLLINS
ADOPTING THE THIRD AMENDMENT TO
THE CITY OF FORT COLLINS GENERAL EMPLOYEES'
RETIREMENT PLAN AS AMENDED AND RESTATED
EFFECTIVE DECEMBER 31, 2001

WHEREAS, the City Council adopted, effective January 1, 1971, a qualified defined benefit pension plan known as the City of Fort Collins General Employees' Retirement Plan (the "1971 Plan"), for the purpose of providing retirement benefits for certain of its employees; and

WHEREAS, the City Council has amended the 1971 Plan from time to time and restated the 1971 Plan to incorporate all prior amendments and other changes required by law, effective December 31, 2001 (the "2001 Restated Plan"), via Section 1 of Resolution 2001-157; and

WHEREAS, the City Council adopted the first amendment to the 2001 Restated Plan effective January 1, 2002, via the adoption of Section 2 of Resolution 2001-157; and

WHEREAS, the City Council adopted the second amendment to the 2001 Restated Plan effective January 1, 2002, via the adoption of Resolution 2002-103; and

WHEREAS, the Retirement Committee ("the Committee") has recommend to City Council a third amendment to the 2001 Restated Plan to provide for the more equitable payment of benefits to employee Members based upon the number of hours an employee works; and

WHEREAS, the City Council wishes to adopt the recommendation of the Committee; and

WHEREAS, Article XV, Modification or Termination of Plan, Section 2 of the 2001 Restated Plan, authorizes the City Council to amend the terms of the 2001 Restated Plan.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FORT COLLINS, COLORADO as follows:

Section 1. That effective July 1, 2003, Subsection n. of Section 2 of Article II of the City of Fort Collins General Employees' Retirement Plan is amended to read as follows:

- n. "Final Average Monthly Compensation" means 1/60th of a Member's total Compensation during the 60 consecutive full calendar months of Credited Service out of the last 120 calendar months of Credited Service, which will produce the highest average monthly compensation. If a Member has less than 60 consecutive full calendar months of Credited Service, the Final Average Monthly Compensation shall be the average of the total Compensation during all full calendar months of Credited Service. In the

event that a Member has been employed on a part-time basis (less than an annualized 2080 hours) during any portion of the period used to calculate the Final Average Monthly Compensation and therefore has received less than full-time Credited Service during that period, the Member's part-time Compensation for that period of time shall be converted to its full time equivalent for the purposes of calculating the Final Average Monthly Compensation.

Section 2. That effective July 1, 2003, Section 1 of Article VI of the City of Fort Collins General Employees' Retirement Plan is amended to read as follows:

Section 1. Credited Service. A Member's Credited Service shall be used to determine their Accrued Benefit and eligibility for benefits under the Plan.

- a. A Member's Credited Service is the elapsed time period from their date of employment with the City, as an Employee, to their date of termination of such employment, except as limited within this Section. A Member shall receive one year of Credited Service for each full year the Member receives Compensation for 2080 hours of Covered Employment. A Member who receives Compensation for less than 2080 hours of Covered Employment in a year shall accrue Credited Service on a pro rata basis based on the number of hours for which Compensation is paid. For example, a Member who was a part-time Employee and worked 520 hours for six months (half-time) and 1040 hours for six months (full-time) in a year would receive .75 year of Credited Service for that year.
- b. A Member shall also accrue Credited Service under the Plan for any period of time during which the Member meets all of the following:
 - ~~a:~~ (1) is qualified for either:
 - ~~(1)~~ (a) a total Disability as defined in Article II, Section 2., Subsection j., Paragraphs 1, 2, or 3; or
 - ~~(2)~~ (b) a temporary total disability in the judgment of the City's designated worker's compensation physician;
 - ~~b:~~ (2) is receiving Disability Benefits; and
 - ~~c:~~ (3) is not receiving any payment from this Plan.
- c. A Member may also accrue Credited Service under the Plan for any

period of time up to a maximum accrual of two (2) years during which the Member meets all of the following:

- a: (1) is qualified for a permanent partial disability in the judgment of the City's designated worker's compensation physician, administrative law judge or, if appealed, the court issuing the final judgment;
 - b: (2) is not working as an Employee in Covered Employment;
 - c: (3) is receiving Disability Benefits; and
 - d: (4) is not receiving any payment from this Plan.
- d. A Member who accrues Credited Service because of a Disability pursuant to Subsections b. or c., above, shall accrue Credited Service at the pro rata rate based upon the number of hours for which Compensation was paid as of the date of disablement.
 - e. In the event a Member receives a lump sum disability benefit payment in lieu of ongoing payments, the period of accrual of Credited Service shall be the period of entitlement which provided the basis for calculation of the lump sum amount.

Section 3. That effective July 1, 2003, Section 4 of Article VI of the City of Fort Collins General Employees' Retirement Plan is amended to read as follows:

Section 4. Miscellaneous. No period of Credited Service shall be deemed to be increased or extended by overtime. ~~Using the date of hire and anniversary date thereafter in determining all Credited Service, service for fractional years shall be allowed on the basis of 1/12th year for each full month of employment as an Employee.~~

Section 4. That effective July 1, 2003, Section 3 of Article VIII of the City of Fort Collins General Employees' Retirement Plan is amended to read as follows:

Section 3. Disability Retirement. The Disability Retirement benefit of a Member eligible therefore shall be their Accrued Benefit on the date their Benefit commences, based on their annual rate of Compensation on their date of disablement, and the Credited Service as defined in Article VI, Section 1, unless the Member's disability ceases prior to age 65 (see Article VII, Section 4). In the event that a Member was employed on a part-time basis (less than an annualized 2080 hours) at the date of disablement and therefore has received less than full-time Credited

Service during that period, the Member's part-time Compensation shall be converted to its full time equivalent for the purposes of calculating the annual rate of Compensation at the time of disablement.

Section 5. That effective July 1, 2003, Section 6 of Article VIII of the City of Fort Collins General Employees' Retirement Plan is amended to read as follows:

Section 6. *Accrued Credits and Vested Benefits Under the Previous Plan Preserved.*

a. The restatement of the previous Plan by this Plan shall not operate to exclude, diminish, limit or restrict the payment or continuation of the payment of benefits accrued prior to the Effective Date of this Plan. The amount and payment of any such previous Plan benefits, shall be continued by the Funding Agent under the Funding Agreement forming a part of this Plan, in the same manner, undiminished, preserved, and fully vested under this Plan, except as provided in this Article VIII, Sections 6c, 7, 8, 9, and 10.

b. The eligibility for, and amount of, any benefit of any kind, payable under this Plan to or for any person who was a Member of the previous Plan and who became a Member of the January 1, 1992 restated Plan, as amended, and as it is amended and restated December 31, 2001, and as it may be amended and restated in the future, shall be determined under the provisions of this Plan.

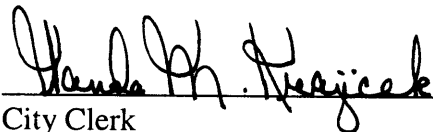
c. The methods of calculating Credited Service, Final Average Monthly Compensation, and annual rate of Compensation for Disability Retirement, as amended effective July 1, 2003, shall be applied retroactively in order to better align benefits with the contributions to the Plan based on the Member's actual Compensation. However, this retroactive application shall not result in a Member's benefit under the Plan being less than the benefit the Member would have been eligible to receive if the Member had terminated Employment on June 30, 2003, under the terms of the Plan then in effect.

Passed and adopted at a regular meeting of the Council of the City of Fort Collins held this 17th day of June, A.D. 2003.



Mayor **Pro Tem**

ATTEST:



City Clerk