

ORIGINAL

RESOLUTION NO. 174

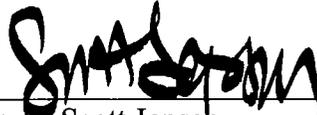
A RESOLUTION OF THE CITY OF SHORELINE, WASHINGTON APPROVING A 401 MONEY PURCHASE PLAN UNDER ICMA ACCOUNT NUMBER 7576

WHEREAS, the City wishes to approve a money purchase retirement plan selected by the City Manager pursuant to his employment contract to be administered by the ICMA Retirement Corporation, and that the funds held under such plan be invested in the ICMA Retirement Trust, a trust established by public employers for the collective investment of funds held under their retirement and deferred compensations plans;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON THAT

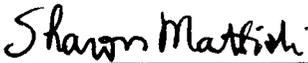
1. The City hereby establishes a money purchase retirement plan (the "Plan") in the form of the ICMA Retirement Corporation Governmental Money Purchase Plan & Trust, pursuant to the terms of the Adoption Agreement attached hereto as Exhibit A, the Loan Guidelines attached hereto as Exhibit B, and the Administrative Services Agreement attached hereto as Exhibit C. The Mayor is authorized to execute these agreements. The Plan shall be maintained for the exclusive benefit of eligible employees and their beneficiaries.
2. The City hereby adopts by reference the Declaration of Trust of the ICMA Retirement Trust, attached hereto as Exhibit D. This Declaration shall be operative with respect to any retirement or deferred compensation plan subsequently established by the Employer, if the assets of the plan are to be invested in the ICMA Retirement Trust.
3. The City hereby agrees to serve as trustee under the Plan and to invest funds held under the Plan in the ICMA Retirement Trust.
4. The Director of Human Resources shall be the coordinator for the Plan; shall receive reports, notices, etc., from the ICMA Retirement Corporation or the ICMA Retirement Trust; shall cast, on behalf of the Employer, any required votes under the ICMA Retirement Trust; may delegate any administrative duties relating to the Plan to appropriate departments; and is authorized to execute all necessary agreements with the ICMA Retirement Corporation incidental to the administration of the Plan.

ADOPTED BY THE CITY COUNCIL ON June 11, 2001.



Mayor Scott Jepsen

ATTEST:



Sharon Mattioli, CMC
City Clerk

S. 11-11-01 A

**ICMA RETIREMENT CORPORATION
GOVERNMENTAL MONEY PURCHASE PLAN & TRUST
ADOPTION AGREEMENT**

Account Number 10- 7576

The Employer hereby establishes a Money Purchase Plan and Trust to be known as (the "Plan") in the form of the ICMA Retirement Corporation Governmental Money Purchase Plan and Trust. The Plan shall be known as:

City of Shoreline Money Purchase Plan [906]

This Plan is an amendment and restatement of an existing defined contribution money purchase plan.

Yes No

If yes, please specify the name of the defined contribution money purchase plan which this Plan hereby amends and restates: _____

I. Employer Name: City of Shoreline [902]

II. The Effective Date of the Plan shall be the first day of the Plan Year during which the Employer adopts the Plan, unless an alternate Effective Date is hereby specified:
05/01/2001

III. Plan Year will mean:

The twelve (12) consecutive month period which coincides with the limitation year. (See Section 5.04(i) of the Plan.) [803]

The twelve (12) consecutive month period commencing on _____ and each anniversary thereafter. [803]

IV. Normal Retirement Age (not to exceed age 65) shall be age 60. [288]

V. ELIGIBILITY REQUIREMENTS:

1. The following group(s) of Employees are eligible to participate in the Plan:

- _____ All Employees
- _____ All Full-Time Employees
- _____ Salaried Employees
- _____ Non-union Employees
- _____ Management Employees
- _____ Public Safety Employees
- _____ General Employees
- X _____ Other (specify below):
City Manager

The group specified must correspond to a group of the same designation that is defined in the statutes, ordinances, rules, regulations, personnel manuals or other material in effect in the state or locality of the Employer.

2. The Employer hereby waives or reduces the requirement of a twelve (12) month Period of Service for participation. The required Period of Service shall be N/A (write N/A if an Employee is eligible to participate upon employment).

[344]

If this waiver or reduction is elected, it shall apply to all Employees within the Covered Employment Classification.

3. A minimum age requirement is hereby specified for eligibility to participate. The minimum age requirement is N/A (not to exceed age 21). Write N/A if no minimum age is declared.

[341]

VI. CONTRIBUTION PROVISIONS

1. The Employer shall contribute as follows (choose one):

Fixed Employer Contributions With Or Without Mandatory Participant Contributions.

The Employer shall contribute on behalf of each Participant 7.8 % of earnings or \$ N/A for the Plan Year (subject to the limitations of Article V of the Plan). Each Participant is required to contribute % of earnings or \$ 0 for the Plan Year as a condition of participation in the Plan. (Write "0" if no contribution is required.) If Participant Contributions are required under this option, a Participant shall not have the right to discontinue or vary the rate of such contributions after becoming a Plan Participant.

The Employer hereby elects to "pick up" the Mandatory/Required Participant Contribution.

Yes No

[621]

The pick-up provision specifies that the contribution is treated, for federal income tax purposes, as though it is made by the employer. The pick-up provision allows the employee to defer taxes on the employee mandatory contribution. The actual result is the same as if the contribution were a reduction in that employee's salary by the amount of the contribution. Picked up contributions are NOT exempt from Social Security tax.

[Note to Employer: A determination letter issued to an adopting Employer is not a ruling by the Internal Revenue Service that Participant contributions that are picked up by the Employer are not includable in the Participant's gross income for federal income tax purposes. The Employer may seek such a ruling.

[Picked up contributions are excludable from the Participant's gross income under section 414(h)(2) of the Internal Revenue Code of 1986 only if they meet the requirements of Rev. Rul. 81-35, 1981-1 C.B. 255. Those requirements are (1) that the Employer must specify that the contributions, although designated as employee contributions, are being paid by the Employer in lieu of contributions by the employee; and (2) the employee must not have the option of receiving the contributed amounts directly instead of having them paid by the Employer to the plan.]

Fixed Employer Match of Participant Contributions.

The Employer shall contribute on behalf of each Participant _____% of Earnings for the Plan Year (subject to the limitations of Article V of the Plan) for each Plan Year that such Participant has contributed _____% of Earnings or \$_____. Under this option, there is a single, fixed rate of Employer contributions, but a Participant may decline to make the required Participant contributions in any Plan Year, in which case no Employer contribution will be made on the Participant's behalf in that Plan Year.

Variable Employer Match Of Participant Contributions.

The Employer shall contribute on behalf of each Participant an amount determined as follows (subject to the limitations of Article V of the Plan):

_____ % of the contributions made by the Participant for the Plan Year (not including Participant contributions exceeding _____% of Earnings or \$_____);

PLUS _____% of the contributions made by the Participant for the Plan Year in excess of those included in the above paragraph (but not including Participant contributions exceeding in the aggregate _____% of Earnings or \$_____).

Employer Contributions on behalf of a Participant for a Plan Year shall not exceed \$_____ or _____% of Earnings, whichever is _____ more or _____ less.

2. Each Participant may make a voluntary (unmatched), after-tax contribution, subject to the limitations of Section 4.05 and Article V of the Plan.

Yes

No

3. Employer contributions and Participant contributions shall be contributed to the Trust in accordance with the following payment schedule: (please circle one choice)

[611]

- | | | | | | |
|---|--------------|----|-----------|----|----------------|
| 0 | Bi-Weekly | 1 | Weekly | 2 | Semi-Weekly |
| 3 | Bi-Monthly | 4 | Monthly | 5 | Semi-Monthly |
| 6 | Bi-Quarterly | 7 | Quarterly | 8 | Semi-Quarterly |
| 9 | Bi-Annually | 10 | Annually | 11 | Semi-Annually |

VII. EARNINGS

Earnings, as defined under Section 2.09 of the Plan, shall include:

- (a) Overtime Yes No
- (b) Bonuses Yes No

VIII. LIMITATION ON ALLOCATIONS

If the Employer maintains or ever maintained another qualified plan in which any Participant in this Plan is (or was) a participant or could possibly become a participant, the Employer hereby agrees to limit contributions to all such plans as provided herein, if necessary in order to avoid excess contributions (as described in Sections 5.02 and 5.03 of the Plan).

1. If the Participant is covered under another qualified defined contribution plan maintained by the Employer, the provisions of Section 5.02(a) through (f) of the Plan will apply unless another method has been indicated below.

- Other Method. (Provide the method under which the plans will limit total Annual Additions to the Maximum Permissible Amount, and will properly reduce any excess amounts, in a manner that precludes Employer discretion.)

N/A

2. If the Participant is or has ever been a participant in a defined benefit plan maintained by the Employer, and if the limitation in Section 5.03 of the Plan would be exceeded, then the Participant's Projected Annual Benefit under the defined benefit plan shall be reduced in accordance with the terms thereof to the extent necessary to satisfy such limitation. If such plan does not provide for such reduction, or if the limitation is still exceeded after the reduction, annual additions shall be reduced to the extent necessary in the manner described in Sections 5.02 and 5.02. The methods of avoiding the limitation described in this paragraph will not apply if the Employer indicates another method below.

- Other Method. (Note to Employer: Provide below language which will satisfy the 1.0 limitation of section 415(e) of the Code. Such language must preclude Employer discretion. See section 1.415-1 of the Regulations for guidance.)

N/A

3. The limitation year is the following 12-consecutive month period:
01/01 - 12/31

IX. VESTING PROVISIONS

The Employer hereby specifies the following vesting schedule, subject to (1) the minimum vesting requirements as noted and (2) the concurrence of the Plan Administrator.

<u>Years of Service Completed</u>	<u>Percent Vesting</u>
Zero	<u>100</u> %
One	<u> </u> %
Two	<u> </u> %
Three	<u> </u> %
Four	<u> </u> %
Five	<u> </u> %
Six	<u> </u> %
Seven	<u> </u> %
Eight	<u> </u> %
Nine	<u> </u> %
Ten	<u> </u> %

- X. Loans are permitted under the Plan, as provided in Article XIII:

Yes No

[751]

- XI. The Employer hereby attests that it is a unit of state or local government or an agency or instrumentality of one or more units of state or local government.

- XII. The Plan Administrator hereby agrees to inform the Employer of any amendments to the Plan made pursuant to Section 14.05 of the Plan or of the discontinuance or abandonment of the Plan.

- XIII. The Employer hereby appoints the ICMA Retirement Corporation as the Plan Administrator pursuant to the terms and conditions of the ICMA RETIREMENT CORPORATION GOVERNMENTAL MONEY PURCHASE PLAN & TRUST.

The Employer hereby agrees to the provisions of the Plan and Trust.

- XIV. The Employer hereby acknowledges it understands that failure to properly fill out this Adoption Agreement may result in disqualification of the Plan.
- XV. An adopting Employer may not rely on a determination letter issued by the National or District Office of the Internal Revenue Service as evidence that the Plan is qualified under Section 401 of the Internal Revenue Code. In order to obtain reliance with respect to plan qualification, the Employer must apply to the appropriate key district office for a determination letter.

In Witness Whereof, the Employer hereby causes this Agreement to be executed on this _____ day of _____, 200_____.

EMPLOYER

By: _____
Title: _____
Attest: _____

ACCEPTED: ICMA RETIREMENT CORPORATION

Paul F. Gallagher

Title: Corporate Secretary

Norma Richardson

Attest:

401 PLAN LOAN GUIDELINESICMA-RC Account #: 7576Name of Employer: City of Shoreline**I. PURPOSE**

The purpose of these guidelines is to establish the terms and conditions under which the Employer will grant loans to participants. This is the only official Loan Program Document of the above named Plan.

II. ELIGIBILITY

Loans are available to all active employees. Loans will not be granted to participants who have an existing loan in default.

Loans are available from the following sources: [select one or both]

- Employer Contribution Account (vested balances only)
- Participant Contribution Accounts (pre- and post-tax, if applicable, including Employee Mandatory, Employee Voluntary, Employer Rollover, and Portable Benefits Accounts, but excluding the Deductible Employee Contribution/Qualified Voluntary Employee Contribution Account)

Loans will be pro-rated among all the funds in which the participant is invested at the time the loan is made.

Loans are available for the following purposes: [select one]

- All purposes
- Loans shall only be granted in the event of a participant's hardship or for the purpose of enabling a participant to meet certain specified financial situations. The Employer shall determine, based on all relevant facts and circumstances, that the amount of the loan is not in excess of the amount required to relieve the financial need. For this purpose, financial need shall include, but shall not be limited to: unreimbursed medical expenses of the participant or the participant's immediate family, establishing or substantially rehabilitating the principal residence of the participant, or paying for a college education (including graduate studies) for the participant or his/her dependents.

III. FREQUENCY OF LOANS [select one]

- Participants may receive one loan per calendar year. Moreover, participants may have only one outstanding loan at a time.
- Participants may receive one loan per calendar year. Moreover, no participant may have more than five (5) loans outstanding at one time.

IV. LOAN AMOUNT

The minimum loan amount is \$1,000.

The maximum amount of all loans to the participant from the Plan and all other plans sponsored by the Employer that are qualified employer plans under Section 72(p) (4) of the Code is the lesser of:

- (1) \$50,000, reduced by the excess (if any) of:
 - a. The highest outstanding balance of loans during the one-year period ending on the day before the date a loan is to be made, over
 - b. The outstanding balance of loans on the date the loan is to be made; or
- (2) 1/2 of the participant's vested account balance.*

If a participant has any loans outstanding at the time a new loan is requested, the new loan will be limited to the maximum amount calculated above reduced by the total of the outstanding loans.

A loan cannot be issued for more than the above amount. The participant's requested loan amount is subject to downward adjustment without notice due to changes in account balance between the time of application and the time the loan is made.

* The Code & Plan document say "greater of \$10,000 or 1/2 of vested account balance".

V. LENGTH OF LOAN

A loan must be repaid in substantially equal installments of principal and interest, at least monthly, over a period that does not exceed five (5) years.

Loans for a principal residence must be repaid in substantially equal installments of principal and interest, at least monthly, over no more than 30 [state number of years] years (maximum 30 years).

VI. LOAN REPAYMENT PROCESS

Loans for active employees must be repaid through payroll deduction. Repayment will begin as soon as practicable on a date determined by the Employer's payroll cycle.

Loans outstanding for former employees who are allowed under Section X to maintain their loans or loans outstanding for employees on a leave of absence must be repaid on the same schedule as if payroll deductions were still being made unless they reamortize their loans and establish a new repayment schedule which provides that substantially equal payments are made at least monthly over the remaining period of the loan. All repayments must be made through the Employer.

Loan payments, including loan payments from former employees, are allocated to the same investment options designated on the *401 Enrollment Form* or according to the most current *401 Change Form* which

specifies contribution allocations.

The participant may pay off all or a portion of the principal interest early without penalty or additional fee. Extra payments are applied forward to both principal and interest as specified in the original repayment schedule, unless the additional payment is for the balance due.

VII. LOAN INTEREST RATE

The rate of interest for loans of five (5) years or less will be based on prime plus 0.5%.

The rate of interest for loans for a principal residence will be based on the FHA rate.

Interest rates are determined on the last business day of the month preceding the month the loan is disbursed. The interest rate is locked in at the time a loan is approved and remains constant throughout the life of the loan.

The prime interest rate is determined on the last business day of each month using *The Wall Street Journal* as the source. The FHA interest rate is also determined on the last business day of each month using a national rateline service as the source.

Loan interest rates for new loans may fluctuate upward or downward monthly, depending on the movement of the prime and FHA interest rates.

VIII. LOAN APPLICATION PROCEDURE

All loans must be requested in writing on an application approved by the Plan Administrator. The application must be signed by the participant. The Employer must review and approve the application.

If the participant is married at the time of application, and spousal consent is required by the Plan for the loan, the participant's spouse must consent, in writing, to the loan and the consent must be witnessed by a plan representative or notary public. Such consent must be given within the ninety (90) day-period before the time the loan is made. Spousal consent, if required, must accompany the application in order for the application to be considered complete.

The participant will be required to sign a promissory note evidencing the loan and a disclosure statement which includes an amortization schedule prior to receiving a loan check. Loan checks will generally be issued two business days following the receipt of a complete loan application received through 12 noon Eastern Time. The loan check, promissory note, disclosure statement and truth-in-lending recision notice will be sent to the Employer, who will obtain the necessary signatures and deliver the check to the participant. All executed documents must be returned to the Plan Administrator within 10 calendar days from the date the check is issued.

IX. SECURITY/COLLATERAL

That portion of a participant's vested account balance that is equal to the amount of the loan is used as collateral for the loan. The collateral amount may not exceed 50 percent of the participant's vested account balance at the time the loan is taken. Only that portion of the vested account balance that corresponds to the amount of the outstanding loan balance is used as collateral.

X. ACCELERATION [select one]

- All loans are due and payable in full upon separation from service.
- All loans are due and payable when a participant receives a distribution of all of his/her account balance after separation from service. The amount of the outstanding loan balance will be reported as a distribution in addition to the amount of cash distributed from the plan.
- All loans are due and payable when a participant receives a distribution of part of his/her account balance after separation from service. The amount of the outstanding loan balance will be reported as a distribution in addition to the amount of cash distributed from the plan.

XI. REAMORTIZATION

Any outstanding loan may be reamortized. Reamortization means changing the terms of a loan, such as length of repayment period, interest rate, and frequency of repayments. A loan may not be reamortized to extend the length of the loan repayment period to more than five (5) years from the date the loan was originally made, or in the case of a loan to secure a principal residence, beyond the number of years specified by the Employer in Section V above.

A participant must request the reamortization of a loan in writing on a reamortization application acceptable to the Plan Administrator. Spousal consent must accompany the request for reamortization when such consent is required by the Plan. Upon processing the request, a new disclosure statement will be sent to the Employer for endorsement by the participant and approval by the Employer. The executed disclosure statement must be returned to the Plan Administrator within 10 calendar days from the date it is signed. The new disclosure statement is considered an amendment to the original promissory note, therefore a new promissory note will not be required.

A reamortization will not be considered a new loan for purposes of calculating the number of loans outstanding or the one loan per calendar limit.

XII. REFINANCING EXISTING LOANS

If a participant has one outstanding loan, that loan may be refinanced. If a participant has more than one outstanding loan, no loans may be refinanced. Refinancing means concurrently repaying an existing loan and borrowing an additional amount through a new loan.

In order to refinance an existing loan, a participant must request a new loan in writing on an application approved by the Plan Administrator. Spousal consent must accompany the application when such consent is required by the Plan. Such request must be made at a time when the participant is eligible to obtain a loan as defined by the Employer in Section III above. The amount of a new loan requested for the purpose of refinancing is subject to the loan limits specified in Section IV above.

Because refinancing is considered a new loan, only active employees may refinance an outstanding loan.

XIII. REDUCTION OF LOAN

If a participant dies and leaves an outstanding loan, the unpaid loan balance(s) will be repaid from the account balance before any distributions are made to a beneficiary(ies). The unpaid loan amount is a taxable distribution and may be subject to early withdrawal penalties. The participant's estate is responsible for taxes or penalties on the unpaid loan amount, if any. The beneficiary is responsible for taxes due on the amount he/she receives. A Form 1099-R will be issued to both the beneficiary and the estate for these purposes.

XIV. LOAN DEFAULT

If a required payment of principal and interest is not made within 90 days of the date such payment is due, the loan is considered in default. If a loan is in default, the loan will be foreclosed during the calendar year in which the participant separates from service. However, the IRS "deems" a default to be a distribution in the year the default occurs. Therefore, the amount of the outstanding loan at the time of the default, will be reported to the IRS as a distribution in the year the default occurs even though the loan may not be foreclosed at that time. The distribution may be subject to taxes and possibly a penalty for early withdrawal.

If a participant has separated from service and defaults on a loan, then the loan will be foreclosed during the calendar year in which the default occurs. The amount of the outstanding loan, will be reported to the IRS as a distribution which may be subject to taxes and possibly a penalty for early withdrawal.

If the Employer has elected in Section X and the promissory note so provides, a loan becomes due and payable when the participant separates from service. If the terms of the loan contain this provision, the outstanding loan amount is "deemed" in default as of the date of separation from service. The amount of the outstanding loan, will be reported to the IRS as a distribution which may be subject to taxes and possibly a penalty for early withdrawal.

If the Employer has so elected in Section X and the promissory note so provides, a loan becomes due and payable when the participant takes a distribution of some or all of the balance in his/her account after separation from service. If the terms of the loan contain such a provision and the outstanding loan balance is not paid prior to the distribution from the account, the outstanding loan amount will be considered in default upon issuance of the distribution check. The amount of the outstanding loan, will be reported to the IRS as a distribution which may be subject to taxes and possibly a penalty for early withdrawal. Participants who have an existing loan in default will not be eligible for additional loans.

XV. DE MINIMIS ACCOUNTS AND OUTSTANDING LOAN BALANCE

If a participant separates from service and the participant's total vested account balance, including the outstanding loan balance, is \$5,000 or less, the Plan will automatically foreclose the loan. The account balance remaining after the loan has been satisfied will be disbursed in accordance with De Minimis provisions of Section 10.04 of the Plan. If this occurs, the amount of the loan, will be reported to the IRS as part of the distribution, which may be subject to taxes and possibly a penalty for early withdrawal. Participants who have an existing loan in default will not be eligible for additional loans.

XVI. FEES

Fees may be charged for various services associated with the application for and issuance of loans. All applicable fees will be debited from the participant's account balance and/or from the participant's loan repayments prior to crediting the repayment of principal and interest to the participant's account. A schedule of fees applicable to this Plan is available from the Plan Administrator.

XVII. OTHER

The Employer has the right to set other terms and conditions as it deems necessary for loans from the Plan in order to comply with any legal requirements. All terms and conditions will be administered in a uniform and non-discriminatory manner.

In Witness Whereof, the Employer hereby caused these Guidelines to be executed this _____ day of _____, 20_____.

EMPLOYER

BY: _____

TITLE: _____

ATTEST: _____

ACCEPTED: ICMA Retirement Corporation

BY: _____

TITLE: Corporate Secretary

ATTEST: _____

ADMINISTRATIVE SERVICES AGREEMENT

Type: 401

Account Number: 7576



ADMINISTRATIVE SERVICES AGREEMENT

This Agreement, made as of the 1st day of May, 2001 (herein referred to as the "Inception Date"), between The International City Management Association Retirement Corporation ("RC"), a nonprofit corporation organized and existing under the laws of the State of Delaware; and the City of Shoreline ("Employer") a City organized and existing under the laws of the State of Washington with an office at 17544 Midvale Avenue North, Shoreline, Washington 98133.

RECITALS

Employer acts as a public plan sponsor for a retirement plan ("Plan") with responsibility to obtain investment alternatives and services for employees participating in that Plan;

The ICMA Retirement Trust (the "Trust") is a common law trust governed by an elected Board of Trustees for the commingled investment of retirement funds held by state and local governmental units for their employees;

RC acts as investment adviser to the Trust; RC has designed, and the Trust offers, a series of separate funds (the "Funds") for the investment of plan assets as referenced in the Trust's principal disclosure document, "Making Sound Investment Decisions: A Retirement Investment Guide." The Funds are available only to public employers and only through the Trust and RC.

In addition to serving as investment adviser to the Trust, RC provides a complete offering of services to public employers for the operation of employee retirement plans including, but not limited to, communications concerning investment alternatives, account maintenance, account record-keeping, investment and tax reporting, form processing, benefit disbursement and asset management.

AGREEMENTS

1. Appointment of RC

Employer hereby designates RC as Administrator of the Plan to perform all non-discretionary functions necessary for the administration of the Plan with respect to assets in the Plan deposited with the Trust. The functions to be performed by RC include:

- (a) allocation in accordance with participant direction of individual accounts to investment Funds offered by the Trust;
- (b) maintenance of individual accounts for participants reflecting amounts deferred, income, gain, or loss credited, and amounts disbursed as benefits;
- (c) provision of periodic reports to the Employer and participants of the status of Plan investments and individual accounts;

- (d) communication to participants of information regarding their rights and elections under the Plan; and
- (e) disbursement of benefits as agent for the Employer in accordance with terms of the Plan.

2. Adoption of Trust

Employer has adopted the Declaration of Trust of the ICMA Retirement Trust and agrees to the commingled investment of assets of the Plan within the Trust. Employer agrees that operation of the Plan and investment, management and disbursement of amounts deposited in the Trust shall be subject to the Declaration of Trust, as it may be amended from time to time and shall also be subject to terms and conditions set forth in disclosure documents (such as the Retirement Investment Guide or Employer Bulletins) as those terms and conditions may be adjusted from time to time. It is understood that the term "Employer Trust" as it is used in the Declaration of Trust shall mean this Administrative Services Agreement.

3. Employer Duty to Furnish Information

Employer agrees to furnish to RC on a timely basis such information as is necessary for RC to carry out its responsibilities as Administrator of the Plan, including information needed to allocate individual participant accounts to Funds in the Trust, and information as to the employment status of participants, and participant ages, addresses and other identifying information (including tax identification numbers). RC shall be entitled to rely upon the accuracy of any information that is furnished to it by a responsible official of the Employer or any information relating to an individual participant or beneficiary that is furnished by such participant or beneficiary, and RC shall not be responsible for any error arising from its reliance on such information. RC will provide account information in reports, statements or accountings.

4. Certain Representations, Warranties, and Covenants

RC represents and warrants to Employer that:

- (a) RC is a non-profit corporation with full power and authority to enter into this Agreement and to perform its obligations under this Agreement. The ability of RC to serve as investment adviser to the Trust is dependent upon the continued willingness of the Trust for RC to serve in that capacity.
- (b) RC is an investment adviser registered as such with the Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended. ICMA-RC Services, Inc. (a wholly owned subsidiary of RC) is registered as a broker-dealer with the Securities and Exchange Commission (SEC) and is a member in good standing of the National Association of Securities Dealers, Inc.

RC covenants with employer that:

- (c) RC shall maintain and administer the Plan in compliance with the requirements for plans which satisfy the qualification requirements of Section 401 of the Internal Revenue Code; provided, however, RC shall not be responsible for the qualified status of the Plan in the event that the Employer directs RC to administer the Plan or disburse assets in a manner inconsistent with the requirements of Section 401 or otherwise causes the Plan not to be carried out in accordance with its terms; provided, further, that if the plan document used by the Employer contains terms that differ from the terms of RC's standardized plan document, RC shall not be responsible for the qualified status of the Plan to the extent affected by the differing terms in the Employer's plan document.

Employer represents and warrants to RC that:

- (d) Employer is organized in the form and manner recited in the opening paragraph of this Agreement with full power and authority to enter into and perform its obligations under this Agreement and to act for the Plan and participants in the manner contemplated in this Agreement. Execution, delivery, and performance of this Agreement will not conflict with any law, rule, regulation or contract by which the Employer is bound or to which it is a party.

5. Participation in Certain Proceedings

The Employer hereby authorizes RC to act as agent, to appear on its behalf, and to join the Employer as a necessary party in all legal proceedings involving the garnishment of benefits or the transfer of benefits pursuant to the divorce or separation of participants in the Employer Plan. Unless Employer notifies RC otherwise, Employer consents to the disbursement by RC of benefits that have been garnished or transferred to a former spouse, spouse or child pursuant to a domestic relations order.

6. Compensation and Payment

- (a) Plan Administration Fee. The amount to be paid for plan administration services under this Agreement shall be 0.55% per annum of the amount of Plan assets invested in the Trust. Such fee shall be computed based on average daily net Plan assets in the Trust.
- (b) Account Maintenance Fee. (i) There shall be an annual account maintenance fee of \$25.00. The account maintenance fee is payable in full on January 1st of each year on each account in existence on that date. For accounts established AFTER January 1st, the fee is payable on the first day of the calendar quarter following establishment and is prorated by reference to the number of calendar quarters remaining on the day of payment.

- (ii) The account maintenance fee will be waived beginning in the year following the year in which total Plan assets exceed \$4 million.
- (c) Compensation for Management Services to the Trust and Advisory and other Services to the Vantagepoint Funds. Employer acknowledges that in addition to amounts payable under this Agreement, RC receives fees from the Trust for investment management services furnished to the Trust. Employer further acknowledges that certain wholly-owned subsidiaries of RC receive compensation for advisory and other services furnished to the Vantagepoint Funds, which serve as the underlying portfolios of a number of Funds offered through the Trust. The fees referred to in this subsection are disclosed in the Retirement Investment Guide. These fees are not assessed against assets invested in the Trust's Mutual Fund Series.
- (d) Mutual Fund Services Fee. There is an annual charge of 0.40% assessed against average daily net Plan assets invested in the Trust's Mutual Fund Series.
- (e) Model Portfolio Fund Fee. There is an annual charge of 0.10% assessed against daily average net Plan assets invested in the Trust's Model Portfolio Funds.
- (f) Payment Procedures. All payments to RC pursuant to this Section 6 shall be paid out of the Plan assets held by the Trust and shall be paid by the Trust. The amount of Plan assets held in the Trust shall be adjusted by the Trust as required to reflect such payments.

7. Custody

Employer understands that amounts invested in the Trust are to be remitted directly to the Trust in accordance with instructions provided to Employer by RC and are not to be remitted to RC. In the event that any check or wire transfer is incorrectly labeled or transferred to RC, RC will return it to Employer with proper instructions.

8. Responsibility

RC shall not be responsible for any acts or omissions of any person other than RC in connection with the administration or operation of the Plan.

9. Term

This Agreement may be terminated without penalty by either party on sixty days advance notice in writing to the other.

10. Amendments and Adjustments

- (a) This Agreement may not be amended except by written instrument signed by the parties.
- (b) The parties agree that compensation for services under this Agreement and administrative and operational arrangements may be adjusted as follows:

RC may propose an adjustment by written notice to the Employer given at least 60 days before the effective date of the adjustment and the notice may appear in disclosure documents such as Employer Bulletins and the Retirement Investment Guide. Such adjustment shall become effective unless, within the 60 day period before the effective date the Employer notifies RC in writing that it does not accept such adjustment, in which event the parties will negotiate with respect to the adjustment.

- (c) No failure to exercise and no delay in exercising any right, remedy, power or privilege hereunder shall operate as a waiver of such right, remedy, power or privilege.

11. Notices

All notices required to be delivered under Section 10 of this Agreement shall be delivered personally or by registered or certified mail, postage prepaid, return receipt requested, to (i) Legal Department, ICMA Retirement Corporation, 777 North Capitol Street, N.E., Suite 600, Washington, D.C, 20002-4240; (ii) Employer at the office set forth in the first paragraph hereof, or to any other address designated by the party to receive the same by written notice similarly given.

12. Complete Agreement

This Agreement shall constitute the sole agreement between RC and Employer relating to the object of this Agreement and correctly sets forth the complete rights, duties and obligations of each party to the other as of its date. Any prior agreements, promises, negotiations or representations, verbal or otherwise, not expressly set forth in this

Agreement are of no force and effect.

13. Governing Law

This agreement shall be governed by and construed in accordance with the laws of the State of Washington, applicable to contracts made in that jurisdiction without reference to its conflicts of laws provisions.

In Witness Whereof, the parties hereto have executed this Agreement as of the Inception Date first above written.

CITY OF SHORELINE

by: _____
Signature/Date

Name and Title (Please Print)

INTERNATIONAL CITY MANAGEMENT
ASSOCIATION RETIREMENT
CORPORATION

by: Paul F. Gallagher
Paul Gallagher
Corporate Secretary

DECLARATION OF TRUST OF ICMA RETIREMENT TRUST

ARTICLE I. NAME AND DEFINITIONS

Section 1.1 Name: The name of the trust created hereby is the ICMA Retirement Trust.

Section 1.2 Definitions: Wherever they are used herein, the following terms shall have the following respective meanings:

- (a) **By-laws.** The by-laws referred to in Section 4.1 hereof, as amended from time to time:
- (b) **Deferred Compensation Plan.** A deferred compensation plan established and maintained by a Public Employer for the purpose of providing retirement income and other deferred benefits to its employees in accordance with the provision of section 457 of the Internal Revenue Code.
- (c) **Employees.** Those employees who participate in Qualified Plans and/or Deferred Compensation Plans.
- (d) **Employer Trust.** A trust created pursuant to an agreement between RC and a Public Employer, or an agreement between RC and a Public Employer for administrative services that is not a trust, in either case for the purpose of investing and administering the funds set aside by such Employer in connection with its Deferred Compensation agreements with its employees or in connection with its Qualified Plan.
- (e) **Investment Contract.** A non-negotiable contract entered into by the Retirement Trust with a financial institution that provides for a fixed rate of return on investment.
- (f) **ICMA.** The International City/County Management Association.
- (g) **ICMA Trustees.** Those Trustees elected by the Public Employers in accordance with the provisions of Section 3.1 (a) hereof, who are also members or former members of the Executive Board of ICMA.
- (h) **RC Trustees.** Those Trustees elected by the Public Employers who, in accordance with the provisions of Section 3.1 (a) hereof, are also members or former members of the Board of Directors of RC.
- (i) **Internal Revenue Code.** The Internal Revenue Code of 1986, as amended.
- (j) **Investment Adviser.** The Investment Adviser that enters into a contract with the Retirement Trust to provide advice with respect to investment of the Trust Property.
- (k) **Portfolios.** The separate commingled pools of investment established by the Investment Adviser to the Retirement Trust, under the supervision of the Trustees, for the purpose of providing investments for the Trust Property.
- (l) **Public Employee Trustees.** Those Trustees elected by the Public Employers who, in accordance with the provision of Section 3.1 (a) hereof, are full-time employees of Public Employers.
- (m) **Public Employer Trustees.** Public Employers who serve as trustees of the Qualified Plans or Deferred Compensation Plans.
- (n) **Public Employer.** A unit of state or local government, or any agency or instrumentality thereof, that has adopted a Deferred Compensation Plan or a Qualified Plan and has executed this Declaration of Trust.
- (o) **Qualified Plan.** A plan that is sponsored by a Public Employer for the purpose of providing retirement income to its employees and that satisfies the qualification requirements of Section 401 of the Internal Revenue Code.
- (p) **Public Employer Trust.** A trust that is established by a Public Employer in connection with its Qualified Plan and that satisfies the requirements of Section 501 of the Internal Revenue Code, or a trust established by a Public Employer in connection with its Deferred Compensation Plan and that satisfies the requirements of Section 457(b) of the Internal Revenue Code.
- (q) **RC.** The International City Management Association Retirement Corporation.
- (r) **Retirement Trust.** The Trust created by this Declaration of Trust.
- (s) **Trust Property.** The amounts held in the Retirement Trust as provided in Section 2.3. The Trust Property shall include any income resulting from the investment to the amounts so held.
- (t) **Trustees.** The Public Employee Trustees, ICMA Trustees and RC Trustees elected by the Public Employers to serve as members of the Board of Trustees of the Retirement Trust.

ARTICLE II. CREATION AND PURPOSE OF THE TRUST; OWNERSHIP OF TRUST PROPERTY

Section 2.1 Creation:

- (a) The Retirement Trust was created by the execution of this Declaration of Trust by the initial Trustees and Public Employers and is established with respect to each participating Public Employer by adoption of this Declaration of Trust.
- (b) The Retirement Trust is hereby expressly made a part of the appropriate Qualified Plan or Deferred Compensation Plan of each Public Employer that executes or has executed this Declaration of Trust.

Section 2.2 Purpose and Participation:

- (a) The purpose of the Retirement Trust is to provide for the commingled investment of funds held by the Public Employers in connection with their Deferred Compensation and Qualified Plans. The Trust Property shall be invested in the Portfolios, in Investment Contracts, and in other investments recommended by the Investment Adviser under the supervision of the Board of Trustees. No part of the Trust Property will be invested in securities issued by Public Employers.
- (b) Participation in the Retirement Trust is limited to M pension and profit-sharing trusts which are maintained by Public Employers and that are exempt under section 501(a) of the Internal Revenue Code because the Qualified Plans related thereto qualify under section 401(a) of the Internal Revenue Code and (ii) deferred compensation plans maintained by Public Employers under Section 457 of the Internal Revenue Code (and trusts maintained by such Public Employers in connection with such 457 plans).

Section 2.3 Ownership of Trust Property:

- (a) The Trustees shall have legal title to the Trust Property. The Trust Property shall be held as follows:
 - (i) for the Public Employer Trustees for the exclusive benefit of the Employees; or
 - (ii) in the case of a Deferred Compensation Plan maintained by a Public Employer that has not established a Public Employer Trust for the plan, for the Public Employer as beneficial owner of the plan's assets.
- (b) The portion of the corpus and income of the Retirement Trust that equitably belongs to any Public Employer Trust may not be used for or diverted to any purpose other than for the exclusive benefit of the Employees (or their beneficia-

ries) who are entitled to benefits under such Public Employer Trust.

- (c) No employer's- Public Employer Trust may assign any part of its equity or interest in the Retirement Trust, and any purported assignment of such equity or interest shall be void.

ARTICLE III. TRUSTEES

Section 3.1 Number and Qualification of Trustees:

- (a) The Board of Trustees shall consist of nine Trustees. Five of the Trustees shall be full-time employees of a Public Employer (the Public Employee Trustees) who are authorized by such Public Employer to serve as Trustee. The remaining four Trustees shall consist of two persons who, at the time of election to the Board of Trustees, are members or former members of the Executive Board of ICMA, and two persons who, at the time of election, are members or former members of the Board of Directors of RC. One of the ICMA Trustees and one of the RC Trustees shall, at the time of election, be full-time employees of Public Employers.
- (b) No person may serve as a Trustee for more than two terms in any ten-year period.

Section 3.2 Election and Term:

- (a) Except for the Trustees appointed to fill vacancies pursuant to Section 3.5 hereof, the Trustees shall be elected by a vote of a majority of the voting Public Employers in accordance with the procedures set forth in the By-Laws.
- (b) At the first election of Trustees, three Trustees shall be elected for a term of three years, three Trustees shall be elected for a term of two years and three Trustees shall be elected for a term of one year. At each subsequent election, three Trustees shall be elected each to serve for a term of three years and until his or her successor is elected and qualified.

Section 3.3 Nominations: The Trustees who are full-time employees of Public Employers shall serve as the Nominating Committee for the Public Employee Trustees. The Nominating Committee shall choose candidates for Public Employee Trustee in accordance with the procedures set forth in the By-Laws.

Section 3.4 Resignation and Removal:

- (a) Any Trustee may resign as Trustee (without need for prior or subsequent accounting) by an instrument in writing signed by the Trustee and delivered to the other Trustees and such

resignation shall be effective upon such delivery, or at a later date according to the terms of the instrument. Any of the Trustees may be removed for cause, by a vote of a majority of the Public Employers.

- (b) Each Public Employee Trustee shall resign his or her position as Trustee within sixty days of the date on which he or she ceases to be a full-time employee of a Public Employer.

Section 3.5 Vacancies: The term of office of a Trustee shall terminate and a vacancy shall occur in the event of his or her death, resignation, removal, adjudicated incompetence or other incapacity to perform the duties of the office of a Trustee. In the case of a vacancy, the remaining Trustees shall appoint such person as they in their discretion shall see fit (subject to the limitations set forth in this Section), to serve for the unexpired portion of the term of the Trustee who has resigned or otherwise ceased to be a Trustee. The appointment shall be made by a written instrument signed by a majority of the Trustees. The person appointed must be the same type of Trustee (i.e., Public Employee Trustee, ICMA Trustee or RC Trustee) as the person who has ceased to be a Trustee. An appointment of a Trustee may be made in anticipation of a vacancy to occur at a later date by reason of retirement or resignation, provided that such appointment shall not become effective prior to such retirement or resignation. Whenever a vacancy shall occur, until such vacancy is filled as provided in this Section 3.5, the Trustees in office, regardless of their number, shall have all the powers granted to the Trustees and shall discharge all the duties imposed upon the Trustees by this Declaration. A written instrument certifying the existence of a vacancy signed by a majority of the Trustees shall be conclusive evidence of the existence of such vacancy.

Section 3.6 Trustees Serve in Representative Capacity: By executing this Declaration, each Public Employer agrees that the Public Employee Trustees elected by the Public Employers are authorized to act as agents and representatives of the Public Employers collectively.

ARTICLE IV. POWERS OF TRUSTEES

Section 4.1 General Powers: The Trustees shall have the power to conduct the business of the Trust and to carry on its operations. Such power shall include, but shall not be limited to, the power to:

- (a) receive the Trust Property from the Public Employers, Public Employer Trustees or the trustee or administrator under any Employer Trust;
- (b) enter into a contract with an Investment Adviser providing, among other things, for the establish-

ment and operation of the Portfolios, selection of the Investment Contracts in which the Trust Property may be invested, selection of the other investments for the Trust Property and the payment of reasonable fees to the Investment Adviser and to any sub-investment adviser retained by the Investment Adviser;

- (c) review annually the performance of the Investment Adviser and approve annually the contract with such Investment Adviser;
- (d) invest and reinvest the Trust Property in the Portfolios, the Investment Contracts and in any other investment recommended by the Investment Adviser, but not including securities issued by Public Employers, provided that if a Public Employer has directed that its monies be invested in one or more specified Portfolios or in an Investment Contract, the Trustees of the Retirement Trust shall invest such monies in accordance with such directions;
- (e) keep such portion of the Trust Property in cash or cash balances as the Trustees, from time to time, may deem to be in the best interest of the Retirement Trust created hereby without liability for interest thereon;
- (f) accept and retain for such time as they may deem advisable any securities or other property received or acquired by them as Trustees hereunder, whether or not such securities or other property would normally be purchased as investment hereunder;
- (g) cause any securities or other property held as part of the Trust Property to be registered in the name of the Retirement Trust or in the name of a nominee, and to hold any investments in bearer form, but the books and records of the Trustees shall at all times show that all such investments are a part of the Trust Property;
- (h) make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;
- (i) vote upon any stock, bonds, or other securities; give general or special proxies or powers of attorney with or without power of substitution; exercise any conversion privileges, subscription rights, or other options, and make any payments incidental thereto; oppose, or consent to, or otherwise participate in, corporate reorganizations or to other changes affecting corporate securities, and delegate discretionary powers and pay any assessments or charges in connection therewith; and generally exercise any of the powers of an owner with respect to stocks,

- bonds, securities or other property held as part of the Trust Property;
- (j) enter into contracts or arrangements for goods or services required in connection with the operation of the Retirement Trust, including, but not limited to, contracts with custodians and contracts for the provision of administrative services;
 - (k) borrow or raise money for the purposes of the Retirement Trust in such amount, and upon such terms and conditions, as the Trustees shall deem advisable, provided that the aggregate amount of such borrowings shall not exceed 30% of the value of the Trust Property. No person lending money to the Trustees shall be bound to see the application of the money lent or to inquire into its validity, expediency or propriety or any such borrowing;
 - (l) incur reasonable expenses as required for the operation of the Retirement Trust and deduct such expenses from of the Trust Property;
 - (m) pay expenses properly allocable to the Trust Property incurred in connection with the Deferred Compensation Plans, Qualified Plans, or the Employer Trusts and deduct such expenses from that portion of the Trust Property to which such expenses are properly allocable;
 - (n) pay out of the Trust Property all real and personal property taxes, income taxes and other taxes of any and all kinds which, in the opinion of the Trustees, are properly levied, or assessed under existing or future laws upon, or in respect of, the Trust Property and allocate any such taxes to the appropriate accounts;
 - (o) adopt, amend and repeal the By-laws, provided that such By-laws are at all times consistent with the terms of this Declaration of Trust;
 - (p) employ persons to make available interests in the Retirement Trust to employers eligible to maintain a Deferred Compensation Plan under Section 457 or a Qualified Plan under Section 401 of the Internal Revenue Code;
 - (q) issue the Annual Report of the Retirement Trust, and the disclosure documents and other literature used by the Retirement Trust;
 - (r) in addition to conducting the investment program authorized in Section 4.1 (d), make loans, including the purchase of debt obligations, provided that all such loans shall bear interest at the current market rate;
 - (s) contract for, and delegate any powers granted hereunder to, such officers, agents, employees, auditors and attorneys as the Trustees may select, provided that the Trustees may not delegate the powers set forth in paragraphs (b), (c) and (o) of this Section 4.1 and may not delegate any powers if such delegation would violate their fiduciary duties;
 - (t) provide for the indemnification of the Officers and Trustees of the Retirement Trust and purchase fiduciary insurance;
 - (u) maintain books and records, including separate accounts for each Public Employer, Public Employer Trustee or Employer Trust and such additional separate accounts as are required under, and consistent with, the Deferred Compensation or Qualified Plan of each Public Employer; and
 - (v) do all such acts, take all such proceedings, and exercise all such rights and privileges, although not specifically mentioned herein, as the Trustees may deem necessary or appropriate to administer the Trust Property and to carry out the purposes of the Retirement Trust.

Section 4.2 Distribution of Trust Property: Distributions of the Trust property shall be made to, or on behalf of, the Public Employer or Public Employer Trustee, in accordance with the terms of the Deferred Compensation Plans, Qualified Plans or Employer Trusts. The Trustees of the Retirement Trust shall be fully protected in making payments in accordance with the directions of the Public Employers, Public Employer Trustees or trustees or administrators of any Employer Trust without ascertaining whether such payments are in compliance with the provisions of the applicable Deferred Compensation or Qualified Plan or Employer Trust.

Section 4.3 Execution of Instruments: The Trustees may unanimously designate any one or more of the Trustees to execute any instrument or document on behalf of all, including but not limited to the signing or endorsement of any check and the signing of any applications, insurance and other contracts, and the action of such designated Trustee or Trustees shall have the same force and effect as if taken by all the Trustees.

ARTICLE V. DUTY OF CARE AND LIABILITY OF TRUSTEES

Section 5.1 Duty of Care: In exercising the powers hereinbefore granted to the Trustees, the Trustees shall perform all acts within their authority for the exclusive purpose of providing benefits for the Public Employers in connection with non-trusted

Deferred Compensation Plans and for the Public Employer Trustees, and shall perform such acts with the care, skill, prudence and diligence in the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

Section 5.2 Liability: The Trustees shall not be liable for any mistake of judgment or other action taken in good faith, and for any action taken or omitted in reliance in good faith upon the books of account or other records of the Retirement Trust, upon the opinion of counsel, or upon reports made to the Retirement Trust by any of its officers, employees or agents or by the Investment Adviser or any sub-investment adviser, accountant, appraiser or other expert or consultant selected with reasonable care by the Trustees, officers or employees of the Retirement Trust. The Trustees shall also not be liable for any loss sustained by the Trust Property by reason of any investment made in good faith and in accordance with the standard of care set forth in Section 5.1.

Section 5.3 Bond: No Trustee shall be obligated to give any bond or other security for the performance of any of his or her duties hereunder.

ARTICLE VI. ANNUAL REPORT TO SHAREHOLDERS

The Trustees shall annually submit to the Public Employers and Public Employer Trustees a written report of the transactions of the Retirement Trust, including financial statements which shall be certified by independent public accountants chosen by the Trustees.

ARTICLE VIII. DURATION OR AMENDMENT OF RETIREMENT TRUST

Section 7.1 Withdrawal: A Public Employer or Public Employer Trustee may, at any time, withdraw from this Retirement Trust by delivering to the Board of Trustees a written statement of withdrawal. In such statement, the Public Employer or Public Employer Trustee shall acknowledge that the Trust Property allocable to the Public Employer is derived from compensation deferred by employees of such Public Employer pursuant to its Deferred Compensation Plan or from contributions to the accounts of Employees pursuant to a Qualified Plan, and shall designate the financial institution to which such property shall be transferred by the Trustees of the Retirement Trust or by the trustee or administrator under an Employer Trust.

Section 7.2 Duration: The Retirement Trust shall continue until terminated by the vote of a majority of the Public Employers, each casting one vote.

Upon termination, all of the Trust Property shall be paid out to the Public Employers, Public Employer Trustees or the trustees or administrators of the Employer Trusts, as appropriate.

Section 7.3 Amendment: The Retirement Trust may be amended by the vote of a majority of the Public Employers, each casting one vote.

Section 7.4 Procedure: A resolution to terminate or amend the Retirement Trust or to remove a Trustee shall be submitted to a vote of the Public Employers if: (i) a majority of the Trustees so direct, or; (ii) a petition requesting a vote signed by not less than 25 percent of the Public Employers, is submitted to the Trustees.

ARTICLE VIII. MISCELLANEOUS

Section 8.1 Governing Law: Except as otherwise required by state or local law, this Declaration of Trust and the Retirement Trust hereby created shall be construed and regulated by the laws of the District of Columbia.

Section 8.2 Counterparts: This Declaration may be executed by the Public Employers and Trustees in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.