

ORDINANCE NO. 2331

AN ORDINANCE OF THE CITY OF KIRKLAND PROVIDING FOR CERTAIN EMPLOYEE BENEFITS IN LIEU OF CONTINUED COVERAGE UNDER SOCIAL SECURITY AND APPROVING AN EMPLOYEE BENEFIT TRUST AGREEMENT.

WHEREAS, the City of Kirkland desires to provide certain benefits to its employees, which benefits are to be provided in lieu of coverages under the Federal Old Age Survivors Disability and Health Insurance Act, and

WHEREAS, the employees of the City of Kirkland, by majority vote, approved the City's withdrawal from the Social Security system pursuant to 42 U.S.C.A., Section 418(g), and

WHEREAS, the City of Kirkland has agreed to continue for the benefit of its employees the level of its contributions which would otherwise have been made under the Federal Old Age Survivors Disability and Health Insurance Act, now, therefore,

BE IT ORDAINED by the City Council of the City of Kirkland as follows:

Section 1: There is hereby established for qualified City employees a benefit plan to be provided by the City in lieu of coverages under the Federal Old Age Survivors Disability and Health Insurance Act; said benefit plan shall be substantially as set forth in Exhibit A attached to the original of this Ordinance and by this reference incorporated herein. Said plan provides for contribution by the City of Kirkland at a level equal to the employer's contributions which would otherwise have been made under the Federal Old Age Survivors Disability and Health Insurance Act.

Section 2. The City Manager of the City of Kirkland is hereby authorized and directed to sign on behalf of the City of Kirkland an employees benefit plan and trust agreement substantially similar to the agreement between the City of Kirkland as employer and Peoples National Bank of Washington, a national banking association, as trustee, a copy of which is attached to the original of this Ordinance as Exhibit A. The City Manager is further authorized to sign any and all amendments to said agreement as may in his judgment be advisable.

Section 3. This Ordinance and the employee benefit plan herein established shall be in full force and effect five (5) days from and after the date of adoption and publication

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as required by law, or on January 1, 1977, whichever shall last occur.

ADOPTED BY MAJORITY VOTE of the Kirkland City Council in regular meeting on the 6th day of December, 1976.


SIGNED IN AUTHENTICATION thereof on the 6th day of December, 1976.


MAYOR

Attest:


Director of Administration
and Finance
(ex officio City Clerk)

APPROVED AS TO FORM:


City Attorney

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RECEIVED

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AM.....PM
CITY OF KIRKLAND

CITY OF KIRKLAND

BY.....

EMPLOYEES' BENEFIT PLAN

THIS AGREEMENT, made and entered into by and between the City of Kirkland, Washington, a Washington municipal corporation, hereinafter called the "Employer", and PEOPLES NATIONAL BANK OF WASHINGTON, a National Banking Association, hereinafter called the "Trustee";

WITNESSETH:

WHEREAS, the Employer desires to provide certain benefits to its employees, which benefits are to be provided in lieu of coverages under the Federal Old Age, Survivors, Disability and Health Insurance Act, and

WHEREAS, the employees have, by majority vote, approved the Employer's withdrawal from the Social Security System pursuant to 42 U.S.C.A., Section 418(g), and

WHEREAS, the Employer has agreed to continue, for the benefit of its employees, the level of its contributions which would otherwise have been made under the Federal Old Age, Survivors, Disability and Health Insurance Act, and

WHEREAS, the City Council of the Employer has heretofore authorized the execution of this Agreement;

NOW, THEREFORE, it is agreed as follows:

ARTICLE I

Designation

1.01 This Agreement shall be known as the City of Kirkland Employees' Benefit Plan. This Plan shall at all times be operated for the exclusive benefit of participating employees and their beneficiaries.

ARTICLE II

Definitions

2.01 The term "Employer" shall mean the City of Kirkland, Washington, a municipal corporation.

2.02 The term "employee" shall mean and include any person (excluding a fire fighter) who is a regular employee of the Employer and whose customary employment is for one thousand or more hours per year.

2.03 The term "beneficiary" shall mean any person designated as such in Article IV, to receive benefits after the death of a participant hereunder. Whenever the rights of participants are defined herein, their beneficiaries, heirs, executors, and administrators shall be bound thereby.

2.04 The term "anniversary date" shall mean December 31 of each year.

2.05 The effective date of this Agreement shall be January 1, 1977.

2.06 The term "compensation" means the total amount paid to an employee by the Employer for services rendered, specifically excluding contributions by the Employer on account of this Plan, and all payments by the Employer for group insurance, hospitalization, and similar benefits; provided, however, that maximum compensation for purposes of this Plan shall be the taxable wage base under the Federal Insurance Contributions Act, as amended.

2.07 The term "continuous employment" shall mean and include any period of unbroken service with this Employer and any period of service, immediately preceding or immediately following his employment with this Employer, with any other employer which is a party to the Municipal Employees' Benefit Trust Agreement, and shall include any periods during which an employee's service is broken during an authorized leave of absence granted under uniform rules and shall include any periods of military service which result in broken service provided such employee returns to active service within the time specified for re-employment rights under the Uniform Selective Service Act or successor legislation.

2.08 The term "Plan" means this Agreement including all amendments thereto.

2.09 The term "Trust" means the Municipal Employees' Benefit Trust, to which the Plan is attached and under the provision of which, the contributions to this Plan are managed and invested.

2.10 Wherever appropriate, words used in this Agreement in the singular may include the plural, or the plural may be read as the singular; the masculine may include the feminine.

2.11 The term "layoff" means termination of employment, without prejudice to the employee "laid off", by reason of a reduction in the work force, or unavailability of funds to compensate such employee, or elimination of such employment position, or other Employer-determined reason unrelated to the employee's work performance, conduct, or character. A discharge "for cause" is not included in the term "layoff".

2.12 "Discharge for cause" means a termination of an employee's employment by an Employer for reasons which law and public policy recognize as sufficient justification for involuntary removal from employment. "For cause" means for legal cause and not merely such cause as the Employer in the exercise of discretion may deem sufficient.

2.13 The term "reserve fund" shall mean the contingency reserve fund specified in Article VI, Section 6.03(c) of this Agreement.

ARTICLE III

Administration

3.01 The Employer shall appoint a Plan Committee consisting of two (2) members who shall hold office during the pleasure of the Employer which appointed them. The employees who contribute to the Plan under the provisions of Article V, Section 5.01, shall elect three (3) members to the Plan Committee. Members elected by the employees shall serve for a term of three (3) years and may be re-elected for additional three (3) year terms. However, in order to provide for continuity of administration, the first three (3) employee members of the Plan Committee, elected under the provisions of this Article III, shall serve for initial terms of three, four and five years, as selected by lot, so that one employee member shall stand for re-election each year commencing after the first three (3) year period this Plan has been in operation. The maximum term for any Plan Committee members who are elected by the employees shall not be more than eight years. Additionally, at least four of the five members shall be Plan participants. Any member of the Committee may resign by notice in writing filed with the Trustee and with the Employer. Any vacancy among the members of the Committee shall be promptly filled by appointment by the Employer so that the number of members of the

Committee shall be as herein prescribed. Provided, however, that if a vacancy occurs among the members of the Plan Committee elected by the employees, the employer shall select and appoint the replacement member from a list of employees to be presented by the Plan Committee. Any vacancies unfilled for ninety (90) days shall be filled by majority vote of the remaining members of the Committee.

3.02 The Plan Committee shall choose from among its members a chairman and a secretary. The secretary shall keep minutes of the Committee's proceedings and all dates, records and documents pertaining to the Committee's supervision of the Plan. The Committee shall adopt rules for the conduct of its meetings. Subject to the approval of the Employer, the Committee may employ, and suitably compensate, such attorneys, actuaries, accountants, physicians and advisory, clerical or other employees as it may deem necessary to the performance of its duties.

The reasonable expenses of the Committee may be paid from the reserve account provided for in Section 6.03(c) of Article VI. All Committee members shall be reimbursed for their actual expenses reasonably and necessarily incurred in the performance of their duties as Committee members. Such reimbursement shall be made by the Trustee from the reserve account, unless otherwise paid or assumed by the Employer.

nontransferable annuity contract providing for such monthly retirement income as the entire amount of his retirement benefit and the underwriting rules of the insurance company will permit; the annuity contract shall be issued directly to and in the name of the retiring participant and all incidents of ownership shall be vested in him; or.

2. He may instruct the Trustee to pay his retirement benefit directly from his account in the fund to him in monthly or annual payments over a period of not less than ten (10) years as otherwise shall be determined by the Plan Committee. The installment payments shall be as nearly equal in amount as is possible under the circumstances, and shall not continue beyond the lifetime of the retiring participant and the participant's spouse. When the retirement benefit is paid pursuant to this paragraph (c), no contributions by the retired participant or

his Employer shall be added to his account after his retirement date, nor shall the account bear any fixed rate of interest after retirement date, but the same shall continue to share proportionately in the earnings or losses, expenses of administration not otherwise provided for, and changes in fair market values of the assets of the Trust fund pursuant to the provisions of Article VI; or

3. A single sum in cash.

(d) When any retired or disabled participant dies leaving an amount credited to his account in the fund, the Committee shall certify that fact to the Trustee and the Trustee shall thereupon pay to such participant's beneficiary or beneficiaries designated pursuant to Section 4.04 of Article IV, the full amount of such credit as of the most recent valuation date preceding the date of death of such participant, adjusted to reflect the benefits paid since such valuation date.

7.02 Death Benefits.

(a) In the event of the death of a participant while actively in the employ of the Employer, but before his actual retirement, or if any retired or disabled participant

reserve account. This account shall be a reserve against unfavorable benefit experience and shall be held for the benefit of participating employees and their beneficiaries. Should the account accumulate funds which exceed a reasonable, actuarially sound, experience contingency reserve, the Plan Committee may, not more frequently than annually, direct the Trustee to distribute the unrequired surplus to the retirement accounts of every participant. Each participant's share of such a distribution shall be in the same proportion to the total distribution of his own accumulated ^{Employer} contributions are to the total accumulated contributions of all then current participants. Additionally, in lieu of distribution of such unrequired surplus to the retirement accounts of participants, the Plan Committee may elect to utilize such surplus to provide additional coverage and benefits for the participants as may be determined in the sole discretion of the Committee to be necessary or desirable.

6.04 The separate retirement account of each participant shall be invested by the Trustee with the Trust fund and shall share proportionately in all earnings, dividends and gains or losses in fair market value, so that the separate retirement accounts accurately express the interest of each participant in the total fund.

ARTICLE VII

Benefits

7.01 Retirement Benefits.

(a) Each participant shall, at his normal retirement date, be entitled to receive the total amount credited to his retirement account.

(b) For purposes of this Plan, the normal retirement date of each participant shall be the earlier of:

(i) his sixty-fifth (65) birthday; or

(ii) his normal retirement date under any other retirement benefit

program to which contributions are made by either the employee, the Employer, or both.

(c) Not less than three (3) months prior to the normal retirement date of each participant, such participant shall notify the Trustee, on a form prescribed and supplied by the Plan Committee, of his irrevocable election to receive his retirement benefit upon his actual retirement under one of the methods set forth below:

1. He may instruct the Trustee to acquire, effective as of his retirement, from an insurance company specified by the Committee, a nonforfeitable,

5.02 Voluntary Employee Contributions. Every participant hereunder may elect to contribute, in addition to the amount specified in Section 5.01 of this Article V, such additional amounts as he chooses, provided, however, that the sum of his mandatory and voluntary contributions may not exceed ten percent (10%) of his total annual compensation for services rendered and such contributions must be made in equal dollar or percentage amounts throughout the year. For purposes of this Section, all compensation, including that in excess of the taxable wage base under the Federal Insurance Contributions Act, as amended, shall be considered.

5.03 Contributions by the Employer. The Employer shall contribute, on account of this Plan, the total amount of the then current Employer's tax under the Federal Insurance Contributions Act, as amended, which would have been applicable had the Employer not withdrawn from coverage under the Federal Old Age, Survivors, Disability and Health Insurance Act.

5.04 Contributions shall be paid over to the Trustee, Peoples National Bank of Washington, from time to time but not less frequently than monthly.

ARTICLE VI

Allocation of Contributions

6.01 Contributions to the Trust on account of this Plan shall be used for the exclusive benefit of the participating employees and their beneficiaries.

6.02 Contributions made by each participating employee shall be held in a separately allocated retirement account for his own benefit as provided for under Article VII, Section 7.01, of this Agreement.

6.03 Contributions made by the Employer shall be utilized as follows:

(a) An amount equal to sixty percent (60%) of the then current employee's tax under the Federal Insurance Contributions Act applicable to each participating employee shall be allocated to the separate retirement account of each employee contributing on his own behalf in accordance with Article V, Section 5.01, hereof.

(b) From the remaining funds, the Trustee shall pay any reasonable, authorized expenses of the Plan and the Plan's share of the Trust expenses including payment of insurance premiums, professional fees, administrative expenses, or such other expenses authorized by the Plan Committee.

(c) Any remaining funds shall be held and managed by the Trustee in a separate Employer's contingency

to become a participant in this Plan. Provided, however, that employees who decline to make contributions toward their own retirement benefits, in accordance with Article V, Section 5.01 of this Agreement, shall participate only in the death and disability benefits of the Plan until such time as they shall elect to contribute toward their own retirement.

4.02 Every employee shall, at the time he becomes eligible to participate in this Plan, evidence in writing, on a form to be prescribed and supplied by the Committee, his acceptance of the terms and conditions of this Agreement and the Trust to which it is attached and his agreement to make the contributions specified in Article V of this Agreement.

4.03 At least thirty (30) days prior to each anniversary date, every participant shall notify the Plan Committee of his intention to make or change the amounts of any voluntary contributions and shall authorize, on a form to be prescribed and supplied by the Plan Committee, his Employer to deduct such voluntary contributions from his compensation each pay period.

4.04 Every participant shall designate a beneficiary or beneficiaries, and successor beneficiaries, to receive any death benefits provided herein and such retirement benefits remaining to be paid after his death as he may elect under Article VII, herein. Such designation shall be

consented to in writing by the participant's spouse if such exists; the same may be changed from time to time by a participant by filing a new designation with the Committee, which designation shall likewise be consented to. If any participant fails to so designate beneficiaries, the same shall be deemed to have been designated on his behalf, from among the following, but only in the order named:

- (a) Spouse;
- (b) If no spouse, children equally;
- (c) If neither spouse nor children, parents equally;
- (d) If neither spouse, children nor parents, brothers and sisters equally;
- (e) If none of the above, the estate of the participant.

ARTICLE V

Contributions

5.01 Mandatory Employee Contributions. Every employee who is a participant in this Plan as provided for in Article IV, Section 4.01 hereof, and desires to participate in the retirement benefits of this Plan, shall be required to contribute, on his own behalf, an amount equal to 100% of the then current employee's tax under the Federal Insurance Contributions Act, as amended.

3.03 All actions of the Committee shall be determined by the vote of a majority of its members. Either the Chairman or the Secretary may execute any certificate or other written direction on behalf of the Committee. A member of the Committee shall not vote on any question relating exclusively to himself or his relatives; in the determination of any such questions, the decision of a majority of the remaining members of the Committee shall govern. The members of the Committee shall serve without bond and without compensation for their services as such.

3.04 No member of the Committee shall be liable for any act or omission of any other member of the Committee, nor for any act or omission on his own part, except his own willful misconduct or negligence. The Employer shall indemnify and save harmless each member of the Committee from any and all liabilities arising out of his membership on the Committee, except liabilities arising out of his own willful misconduct or negligence. The Committee shall make available to participants, retired participants and beneficiaries, for examination during reasonable business hours, such records as pertain to the person wishing to examine the same.

3.05 The Committee shall enforce the Plan in accordance with the terms of this Agreement and with the Trust Agreement, and shall, with respect to the Employer, have all the powers necessary to accomplish that purpose, including, but not limited to, the following powers:

(a) To determine all questions relating to the eligibility of employees to become participants;

(b) To certify to the Trustee the fact of retirement, death, disability, termination of employment or of participation of any participant;

(c) To make and publish such rules for the regulation of the Plan as are not inconsistent with the terms of this Agreement and applicable federal, state and local law.

3.06 To enable the Committee to perform its functions, the Employer shall supply full and timely information concerning the compensation of participants, their retirement, death, disability, termination of employment or of participation, and such other pertinent facts as the Committee may require; the Committee shall advise the Trustee of such facts as may be pertinent to the Trustee's administration of the Plan.

ARTICLE IV

Eligibility

4.01 Every employee of the Employer, whose customary employment is for one thousand (1,000) or more hours per year and who would normally have been eligible for coverage and benefits under the Federal Social Security System if the Employer had not withdrawn from the Social Security System pursuant to 42 U.S.C.A., Section 418(g), shall be eligible

9.06 In the event of termination of this Trust within ten years after the effective date, distributions to the then unretired participants other than the participants described in Section 9.01, shall include an equitable apportionment among such participants of all excess benefits provided by Employer contributions for the participants described in Section 9.01; the excess benefits shall be allocated proportionately as of the date of termination.

ARTICLE X

Miscellaneous

10.01 Participation in this Plan shall not give any employee the right to be retained in the Employer's employ, or any right or interest in this Plan other than as herein provided.

10.02 No participant, retired or disabled participant or beneficiary, shall have any power to alienate, dispose of, pledge or encumber his interest in the Trust fund while the same shall be in the possession or control of the Trustee nor shall the Trustee recognize any assignment thereof either in whole or in part, nor shall any such interest be subject to attachment, garnishment, execution following judgment or other legal process while in the hands of the Trustee.

10.03 (a) Any payment to any participant, retired or disabled participant or legal representative or beneficiary, in accordance with the provisions of this Agreement, shall to the extent thereof be in full satisfaction of all claims hereunder against the Trustee, the Committee, and the Employer, any of whom may require such participant, retired or disabled participant, legal representative or beneficiary, as a condition precedent to such payment, to execute a receipt and release therefore in such form as shall be determined by the Trustee, the Committee, or the Employer as the case may be.

(b) The Trustee may, in its sole discretion, distribute the entire interest of any participant, retired or disabled participant, or legal representative or beneficiary to such person in a lump sum if the amount to be distributed is less than two thousand dollars (\$2,000.00).

10.04 The headings and subheadings in this Agreement are inserted for convenience of reference only and are not to be considered in construction of the provisions hereof.

10.05 This Agreement has been executed in counterparts, each of which shall be deemed an original.

10.06 This Agreement and the Trust to which it is attached shall be construed, administered and governed in all respects under and by the laws of the State of Washington.

(b) That no amendment shall have the effect of vesting in the Employer any interest in or control over any property subject to the terms of this Trust;

(c) That no amendment shall have any retro-active effect so as to deprive any person of any right or benefit already accrued, except an amendment which is necessary to qualify the Plan for favorable tax treatment under the Internal Revenue Code of the United States, as amended.

ARTICLE IX

Provisions Regarding Nondiscrimination

9.01 Notwithstanding any provisions in this Trust Agreement to the contrary, during the first ten years after the effective date hereof, the benefits provided by the Employer's contributions for participants whose annual benefits provided by such contributions will exceed \$1,500.00, but applicable only to the twenty-five highest paid employees as of the effective date of the establishment of the Trust, including any such employees who are not participants at that time but subsequently become participants, shall be subject to the conditions set forth in the following paragraph.

9.02 Such benefits shall be paid in full which have been provided by the Employer's contributions not exceeding the larger of the following amounts:

- (a) \$20,000.00; or
- (b) An amount equal to 20% of the first \$50,000.00 of the participant's average annual compensation multiplied by the number of years since the effective date of this Agreement.

9.03 If the Trust is terminated or the full current costs thereof have not been met at any time within ten years after the effective date, the benefits which any of the participants described in Section 9.01 of Article IX, may receive from the Employer's contributions shall not exceed the benefits set forth in Section 9.02.

9.04 If a participant described in Section 9.01 leaves the employ of the Employer or terminates participation when the full current costs have been met, the benefits which he may receive from the Employer's contributions shall not at any time, within the first ten years after the effective date, exceed the benefits set forth above in Section 9.02.

9.05 These conditions shall not restrict the full payment of any death benefits on behalf of a participant or retired or disabled participant who dies while the Trust is in full effect and its full current costs have been met, nor the current payment of full retirement benefits to retired or disabled participants while the Trust is in full effect and its full current costs have been met.

credited to his account in the fund shall be forfeited and shall revert to the Trust fund.

7.05 Vesting. Every participant's vested percentage shall be determined as follows:

<u>Completed Whole Years of Employment</u>	<u>Vested Percentage</u>
Less than 1 year	0%
1 but less than 2	10%
2 but less than 3	20%
3 but less than 4	30%
4 but less than 5	40%
5 but less than 6	50%
6 but less than 7	60%
7 but less than 8	70%
8 but less than 9	80%
9 but less than 10	90%
10 years or more	100%

Those employees who are eligible to be participants in this Plan but who, in fact, fail to contribute to their retirement account under the provisions of Article V at the time they first become eligible to do so shall not receive credit for prior periods of employment with the Employer. Those employees who are eligible and who do contribute to their retirement account under this Plan shall receive credit for prior periods of employment with the Employer.

ARTICLE VIII

Amendment or Discontinuance

8.01 It is the expectation of the Employer that it will continue this Plan and the payment of its contributions indefinitely; however, the right is reserved by the Employer at any time to reduce, suspend or completely discontinue its contributions. Provided, however, that the Employer's right to reduce, suspend or discontinue contributions for the benefit of employees may only be with the express consent of the employees. The amounts then credited to the participants' accounts shall be deemed fully vested and nonforfeitable, and the Trustee shall pay to them the full amount credited to their respective accounts in cash.

8.02 Except as herein limited, the Employer shall, after receiving recommendations regarding amendment from its Plan Committee, have the right to amend this Agreement at any time to the extent that it affects its employee participants by a duly executed instrument in writing. Upon delivery of such instrument to the Trustee, this Agreement shall be so amended and all affected participants shall be bound thereby; provided, however;

(a) That no amendment shall increase the duties or liabilities of the Trustee or a Committee without their respective written consents;

which renders him incapable of continuing in the employ of the Employer, his retirement account shall become fully vested, provided that such disability lasts six months or longer.

(b) When a disabled participant's disability lasts six months or longer, he shall be entitled to receive benefits from a contract of long-term disability insurance which shall be purchased by the Trustee and which shall be attached to and made part of this Plan. Such long-term disability insurance contract shall provide for continuation of contributions to the disabled employee's retirement account.

(c) Benefits will be reduced by the amount of any other public or private survivors insurance payments to which the employer or predecessor employers have contributed.

7.04 Termination Benefits.

(a) If a participant shall, for any cause other than retirement, death, disability or layoff, cease to be employed by the Employer, or cease to have any compensation, the Committee shall certify that fact to the Trustee, and such terminated participant shall be entitled to receive from the Trustee the full amount of his own contributions, with adjustments to reflect the earnings and losses, expenses of administration, and changes in market values of the assets of the Trust fund pursuant to Article VI, together

with the vested portion of the remaining amount credited to his account in the fund as of the first day of the month preceding his termination pursuant to Section 7.05 of Article VII. Notwithstanding any provision to the contrary in this instrument, any participant whose employment by the Employer is involuntarily terminated by a layoff, shall be entitled to receive from the Trustee, upon request, the full amount of his separately allocated retirement account, as adjusted, whether or not such amount would be fully vested under the provisions of Article VII, Section 7.05.

(b) The amount such terminated participant is entitled to receive shall be distributed by the Trustee, at the option of the payee, pursuant to the provisions of paragraph (c), of Section 7.01, Article VII.

(c) The nonvested amount credited to the terminated participant's account shall be forfeited and shall revert to the Trust fund.

(d) If any participant shall have been discharged by any Employer for theft, fraud, or other criminal act, upon incontrovertible proof, confession, or conviction by a court of competent jurisdiction of the criminal act, the Committee shall certify that fact to the Trustee and such participant shall be entitled to receive his own contributions to the fund, adjusted to reflect earnings or losses, expenses of administration, and changes in fair market values of assets. The remainder of the amount

dies, the Committee shall certify that fact to the Trustee and the Trustee shall thereupon pay to the beneficiary or beneficiaries designated by such decedent pursuant to Section 4.04 of Article IV, the full amount credited to the retirement account of such decedent in the fund pursuant to the provisions of paragraph (c) of Section 7.01 of this Article VII. Any amount remaining in the deceased participant's account after the death of the participant's spouse, if any, shall be paid to the beneficiary or beneficiaries in a single sum in cash.

(b) When any participant dies while in the employ of the Employer, prior to his actual retirement, and such deceased employee is survived by a spouse and/or dependent children, such spouse and/or dependent children will be entitled to receive monthly survivor income benefits.

The amount of such monthly income for a spouse only or for a dependent child or children only shall be equal to thirty percent (30%) of the deceased employee's regular basic monthly salary as of the date of his death, limited to a maximum of six hundred dollars (\$600.00) per month. Except to the extent that benefits are offset by earned income of the surviving spouse, the benefit shall not be less than one hundred fifty dollars (\$150.00) per month.

The amount of such monthly income for a spouse and dependent child or children shall be equal to sixty percent (60%) of the deceased employee's regular basic

monthly salary, limited to twelve hundred dollars (\$1,200.00) per month. Except to the extent that benefits are offset by earned income of the surviving spouse, the benefit shall not be less than three hundred dollars (\$300.00) per month.

Benefits for a dependent spouse will continue until such time as that spouse remarries.

Benefits for a dependent child will continue until such time as that child attains age 19 or, if attending an accredited school or training program, until age 22.

Benefits will be reduced by the amount of any other public or private survivor's insurance payments to which the Employer or predecessor Employers have contributed and will be reduced by the amount of any income earned by the surviving spouse which exceeds nine hundred dollars (\$900.00) per month.

(c) The Plan Committee may direct the Trustee to purchase insurance contracts to provide the benefits called for in Section 7.02(b) above. If such contracts are purchased to provide those benefits, such contracts shall be attached to and made a part of this Plan. The terms and conditions of such contracts shall be the final determination with regard to those benefits.

7.03 Disability Benefits.

(a) In the event that any participant hereunder suffers from a physical or mental impairment or condition

IN WITNESS WHEREOF, the Employer and the Trustee have caused these presents to be executed by their duly authorized representative, the day and year first above written.

CITY OF KIRKLAND

By: Allen B. Lube

ATTEST:

Tom J. Anderson

PEOPLES NATIONAL BANK OF
WASHINGTON, Trustee

By: S. Ashby
Trustee

By: M. Howard
Assistant Trust Officer

JOINDER AGREEMENT

THIS AGREEMENT, made and entered into by and between the City of Kirkland, Washington, a Washington municipal corporation; Peoples National Bank of Washington, a national banking association, Trustee; and the Trust Committee of the City of Kirkland;

W I T N E S S E T H :

WHEREAS, the City of Kirkland and its employees have agreed that certain benefits will be provided to the employees in lieu of coverages heretofore provided under the Federal Old Age, Survivors, Disability and Health Insurance Act; and

WHEREAS, the City of Kirkland Employees' Benefit Plan to which the City of Kirkland, as Employer, and the Peoples National Bank of Washington as Trustee, are signatories, was designed and adopted to provide those benefits; and

WHEREAS, to implement the Plan the City of Kirkland and the Plan Committee have decided that the contributions to the Plan can best be managed and invested according to the terms of the Municipal Employees' Benefit Trust established on January 1, 1972; and

WHEREAS, the City of Kirkland and the Plan Committee accordingly agree that the Plan contributions be paid over to the Trustee to permit the Plan to be so administered; and

WHEREAS, the City of Kirkland agrees to pay its allocable share of reasonable expenses connected with the management of the contributions made under the terms of the Plan and administered under the terms of the Trust; and

WHEREAS, Peoples National Bank of Washington agrees to accept, manage and invest the contributed funds under the terms of the Plan and Trust with reasonable expenses allocable thereto to be paid by the City of Kirkland;

NOW, THEREFORE, it is agreed as follows:

That the City of Kirkland Employees' Benefit Plan, effective January 1, 1977, be attached to and administered under the terms of the Municipal Employees' Benefit Trust established on January 1, 1972 with the allocable share of reasonable expenses incurred by the Trustee to be paid by the City of Kirkland.

IN WITNESS WHEREOF, the parties to this Agreement have caused these presents to be executed by their duly authorized representatives.

12/29/76
DATE

CITY OF KIRKLAND

BY: Allen B. Locke

Tom J. Aduson
ATTEST

TRUST COMMITTEE

BY: R. Saunders

PEOPLES NATIONAL BANK OF
WASHINGTON, TRUSTEE

BY: A. A. May
Trustee

[Signature]
Assistant Trust Officer