

EFFECTIVE: DECEMBER 25, 2006

**THE CITY OF ROCHESTER HILLS
GROUP PENSION PLAN AMENDMENT**

Section 1. The City of Rochester Hills Group Pension Plan shall be amended to include the following:

Section 1.33 shall be amended to read as follows:

“Participant’s Account” means the accounts established and maintained by the Administrator for each Participant with respect to such Participant’s total interest in the Plan and Trust resulting from the Employer contributions and mandatory Participant contributions.

Section 4.1 (a) shall be amended to include the following:

Effective as of December 25, 2006, the Employer shall contribute on behalf of each non-union employee Participant eligible to share in allocations, 14% of such Participant’s annual Compensation.

Section 4.1 (d) shall be added to included the following:

Effective as of December 25, 2006, non-union employee Participants shall be required to contribute 3% of Compensation.

Mandatory Participant contributions shall be made on a pre-tax basis and shall be deducted from a Participant’s Compensation, picked-up by the Employer and paid to Participant’s Account for mandatory Participant contributions.

Employer Pick-Up Contributions. Effective December 25, 2006, there is hereby created an employer “pick-up” program whereby a percentage of non-union employee contributions to the Plan shall be paid by the City in lieu of contributions by the employees. The terms and conditions of such contributions shall be in accordance with the Provisions of the Internal Revenue Code Section 414(h)(2) and related Treasury Regulations and applicable law.

Non-Union Employee Participant Contributions. Upon implementation, the City shall, solely for the purpose of compliance with Section 414(h) of the Internal Revenue Code, pick up, for the purposes specified in that section, a percentage of non-union employee Participant contributions required by the Plan for all compensation earned by the Participant after implementation. The provisions of this section are mandatory, and the Participant shall have no option concerning the pick up or to receive the

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contributed amount directly instead of having them paid by the City to the Plan. In no event may implementation occur other than at the beginning of a pay period.

Tax Treatment. Participant contributions picked up under the provisions of this section shall be treated as City contributions for purposes of determining income tax obligations under the Internal Revenue Code; however, such picked up Participant contributions shall be included in the determination of the Participant's gross annual salary for all other purposes under federal and state laws. Participants' contributions picked up under this section shall continue to be designated as Participant contributions for all purposes of the Plan and shall be considered part of the Participant's compensation for purposes of determining the amount of the Participant's contribution.

The balance in each Participant's Account for mandatory Participant contributions shall be fully vested at all times and shall not be subject to forfeiture.

Determination and distribution of a Participant's Account for mandatory Participant contributions shall be in accordance with Article VI.

Section 4.3 shall be amended to include the following:

Mandatory Participant contributions deposited in the general trust fund shall share in any earnings and losses (net appreciation or net depreciation) of the Trust Fund in the same manner provided above. Each segregated account maintained on behalf of a Participant shall be credited or charged with its separate earnings and losses.