

THE CITY OF ROCHESTER HILLS, MICHIGAN

RETIREE HEALTHCARE FUNDING PLAN

ADOPTION AGREEMENT

**The City of Rochester Hills
RHFP PLAN**

ADOPTION AGREEMENT

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**RHFP PLAN
ADOPTION AGREEMENT**

The undersigned Sponsoring Entity hereby adopts the RHFP Welfare Benefit Plan ("Plan") and the RHFP Plan 501(c)(9) Trust Agreement ("Trust") for the benefit of eligible Employees, their Dependents and Beneficiaries under the provisions of this Adoption Agreement. Babbitt Municipalities Inc. ("BMI") hereby acknowledges and consents to this adoption. The definitions set forth in the Plan and Trust shall apply herein unless the context requires otherwise.

1. SPONSORING ENTITY IDENTIFICATION

- (a) Name and Address: City of Rochester Hills
1000 Rochester Hills Dr
Rochester Hills, MI 48307
- (b) Contact Person: Keith Sawdon, Finance Director
Phone No.: 248 841-2535
Fax No.: 248 608-8178
- (c) Tax Identification No.: 38-6006880
- (d) Form of Business:
- | | |
|---|--|
| <input type="checkbox"/> "C" Corporation | <input type="checkbox"/> "S" Corporation |
| <input type="checkbox"/> Limited Liability Co./Partnership | <input type="checkbox"/> Sole Proprietorship |
| <input checked="" type="checkbox"/> Governmental Unit or Agency | <input type="checkbox"/> Tax-Exempt Non-Profit Corporation |
| | <input type="checkbox"/> Other: _____ |
- (e) Predecessor Sponsoring Entity: N/A

2. PLAN AND TRUST IDENTIFICATION

- (a) Name of Plan: City of Rochester Hills Plan
(b) Plan Number for 5500 Annual Report: N/A
(c) Name of Trust: : City of Rochester Hills RHFP Trust
(d) Name of Trustee: City of Rochester Hills
(e) Trustee's Address: 1000 Rochester Hills Dr, Rochester Hills, MI 48307
(f) Trustee's Phone No.: 248 841-2535
(g) Trust's Taxpayer Identification No.: Applied for
(h) Collectively Bargained Plan: Yes No

3. DEFINITIONS

(a) **Plan Administrator.** The Plan Administrator of the Plan shall be:

- Sponsoring Entity
- Other

Name: BABBITT MUNICIPALITIES INC.
Address: Suite 6, 3963 W. Belmont Ave. _____
Chicago IL 60618 _____

(b) **Effective Date.** The Effective Date of the Plan is: August 01, 2011.

(c) **Allocation Date(s).** Allocations to Participant Accounts will be made on the last day of each:

- Pay Period Month Quarter Plan Year.
 - Weekly
 - Bi-weekly
 - Semi-monthly

(d) **Compensation.**

(i) Compensation (as defined in the Plan) shall be determined on the basis of:

- Plan Year Calendar Year (if different from Plan Year)
- Other: _____

(ii) Compensation excludes:

- Commissions Overtime Bonuses
- Other: _____

(e) **Early Retirement Date.** The Early Retirement Date shall be:

- None; the Plan shall have no Early Retirement Date.
- The first day of the Plan Year month
 during which following the date
the Participant attains age 55 _____ and completes 5 Years of
Service

- (f) **Normal Retirement Date.** A Participant's Normal Retirement Date shall be:
- The first day of the Plan Year month
 during which following the date
the Participant attains age 65____ and completes 5____ Years of Service.
- (g) **Hour of Service.** A Participant's Hours of Service shall be determined on the basis of:
- Actual hours worked.** Actual hours for which Employee is paid or entitled to payment.
- Days worked.** An Employee shall be credited with ten (10) Hours of Service if under paragraph 1.41 of the Plan the Employee would be credited with at least one (1) Hour of Service during the day.
- Months worked.** An Employee shall be credited with 190 Hours of Service if under paragraph 1.41 of the Plan the Employee would be credited with at least one (1) Hour of Service during the month.
- (h) **Plan Year.** The Plan Year shall be the 12-month period commencing on January 1 and ending on December 31.
- ____ There is an initial short Plan Year that commences on ____August 1, 2011____ and ends on _December 31, 2011_____.
- (i) **Participation.** Participation in the Plan shall start when a Full Time Equivalent Participant has completed six (6) months of Service.
- (j) **Coverage Period.** The period for which Participant elections are valid under this Plan shall be:
- Calendar year ending December 31
- Six-month period ending each June 30 and December 31
- Calendar quarters ending March 31, June 30, September 30, December 31
- Other (specify) _____

4. ELIGIBILITY REQUIREMENTS

(a) **Service Requirements.**

As defined by applicable collective bargaining agreement(s).

(b) **Covered Group Requirement.** The Plan shall cover only Employees who are in the Covered Group. The Covered Group shall be:

- All Employees who meet the Service Requirements.
- All Employees who meet the Age and Service Requirements, except
 - Employees covered by a collective bargaining agreement
 - Non-resident aliens with no U.S.-source income
 - Hourly-paid employees
 - Salaried employees
 - Leased Employees
 - Other: _____
- Only Employees at the following location/facility: _____
- Only Employees who are members of the following collective bargaining unit(s): _____

(c) **Entry Date.** An Employee's Entry Date shall be the:

- Date on which the Employee meets the eligibility requirements
 - First day of the month Plan Year calendar quarter
 - during which
 - following the date
 - nearest the date
- an Employee meets the eligibility requirements.

(d) **Grandfather Provisions.** Eligible Employees employed on the Effective Date

- Do not have to satisfy the Service Requirements specified above.
- Do not have to satisfy the Age Requirement specified above.
- Not applicable. All Employees must satisfy all eligibility requirements.

5. CONTRIBUTIONS AND ACCOUNTS

(a) **Sponsoring Entity Contributions.** The Sponsoring Entity will make contributions to Participant Accounts as follows:

(i) **Employer Contribution.** As of each Deposit Date, the Sponsoring Entity shall make a Contribution that will be allocated to Participant Accounts as follows:

- None. There is no Sponsoring Entity Discretionary Contribution.
- The sum of \$_____ for each eligible Participant.
- A percentage of Compensation for each Participant as determined by their employee group
- The amount described on the attached Exhibit A attached hereto.
- An amount determined by the Sponsoring Entity in its discretion on a nondiscriminatory basis.

If one of the last two options is selected, the Sponsoring Entity Discretionary Contribution shall be allocated to the Participant's Sponsoring Entity Contribution Account:

- Equally to each Participant.
- In the ratio that a Participant's Compensation bears to the total Compensation of all eligible Participants (permissible for collectively bargained plans only).
- Other (must be nondiscriminatory): _____

(ii) **Accrued Leave/Severance Contribution.** The Sponsoring Entity shall make an Accrued Leave/Severance Contribution that will be allocated to a Participant's Accrued Leave Contribution Account as of

- There is no Sponsoring Entity Accrued Leave Contribution.
- Each Allocation Date.
- The last day of the plan year.
- The Participant's
 - Early Retirement Date
 - Normal Retirement Date
- Other (As described to the attached Exhibit A.)

The Accrued Leave/Severance Contribution shall be in the amount equal to the number of days of:

- excess vacation leave multiplied by a _____ per diem rate.
- excess sick leave multiplied by actual rate.
- excess vacation and sick leave multiplied by a _____ per diem rate.
- The amount described on the attached Exhibit A attached hereto.

Excess vacation leave and excess sick leave is the amount of unused leave a Participant has accumulated which is in excess of _____ days of unused leave, not to exceed _____ days of unused leave. The Employee or the Employee's Dependent(s) may not elect to receive cash in lieu of Sponsoring Entity Accrued Leave Contributions to the Plan.

Note: Except for plans maintained pursuant to a collective bargaining agreement, Sponsoring Entity Contributions may not discriminate in favor of Highly Compensated Employees (as defined in the Plan).

(iii) **Eligibility.**

(1) Only Participants who complete a Year of Service during the Plan Year shall be eligible to receive an allocation of:

- Not applicable; All Participants are eligible to receive an allocation.
- Any Sponsoring Entity Contribution.
- The Sponsoring Entity Discretionary Contribution.
- The Sponsoring Entity Matching Contribution.
- The Sponsoring Entity Accrued Leave Contribution

(2) Only Participants who are employed on the last day of the Plan Year shall be eligible to receive an allocation of:

- Not applicable; all Participants are eligible to receive an allocation.
- Any Sponsoring Entity Contribution.
- Any Sponsoring Entity Discretionary Contribution.
- Any Sponsoring Entity Matching Contribution.
- The Sponsoring Entity Accrued Leave Contribution

Contributions deposited to a Participant's Account prior to the Participant achieving vesting rights shall remain part of the Participant's account.

- Shall be considered an Sponsoring Entity Discretionary Contribution and reallocated to other Participant Accounts.
- Shall be returned to the Sponsoring Entity to be used for the next Sponsoring Entity Contribution to the Plan.

6. MEDICAL BENEFITS

A Participant's Earned Account Balance (which consists of the Employee Mandated Contributions plus the Earned portion of the Sponsoring Entity Contribution) may be used for the payment of Medical Benefits (as defined in the Plan). A Participant's Accrued Leave Contribution Account may be used only for Post-Retirement medical expenses.

- (a) **Pre-Retirement.** Prior to retirement, a Participant may may not use the Earned Account Balance for the following medical expenses:
- Premiums for qualified long-term care insurance
 - Reimbursement of out-of-pocket medical expenses (deductibles, co-pays, prescription drugs, vision care, dental work, hearing aids, etc.)

(b) **Post-Retirement.** Following retirement, a Participant may use the Earned Account Balance for the following medical expenses:

- Premiums
 - Medicare Part B coverage (or other Medicare premiums)
 - Medicare-supplement ("Medigap") insurance
 - COBRA continuation coverage
 - Other health insurance approved by the Administrator, including any post-retirement medical plan sponsored by the Sponsoring Entity
 - Dental coverage
 - Vision care coverage
 - Prescription drug coverage
 - Qualified long-term care insurance
- Reimbursement of out-of-pocket medical expenses such as deductibles, co-pays, prescription drugs, eyeglasses, dental work, hearing aids, etc. including all Section 213(d) Eligible Medical Expenses

7. EARNED BENEFITS AND FORFEITURES

(a) **Earning of Benefit Rights.** All amounts in a Participant Account shall be fully Earned at all times, regardless of source.

Fully and Immediately Earned. All amounts in the Sponsoring Entity Contribution Account shall be 100% Earned at all times. (All balances are subject to forfeiture regulations.)

Amounts in the Participants Account deposited by the Sponsoring Entity Contribution shall become Earned, based upon a Participant's Years of Service Participation according to the following schedule:

Years of Service/Participation	Earned Percentage
<input type="checkbox"/> Less than 3	0%
3 or more	100%
<input type="checkbox"/> Less than 1	0%
1	20%
2	40%
3	60%
4	80%
5	100%
<input type="checkbox"/> Other (should not be more restrictive than above examples): _____	

(b) **Service Disregarded.** The following service shall be disregarded in computing a Participant's Earned percentage:

- Not Applicable; all
 - Years of Participation shall count
 - Years of Service shall count
- Service prior to the Effective Date of this Plan shall be disregarded.
- Service prior to a Participant's having attained age ____ (not over 25) shall be disregarded.

(c) **Forfeitures.**

(i) Upon the termination of employment of a Participant whose Sponsoring Entity Contributions is not Earned, the unearned portion of the Sponsoring Entity Contribution shall be forfeited and shall be applied or reallocated as follows:

- Not applicable; Sponsoring Entity Contributions are always fully Earned.
- Forfeitures shall reduce or offset Sponsoring Entity Contributions for the Plan Year if not yet made, or for the next Plan Year.
- Forfeitures shall be allocated to other Plan Participants as an additional Sponsoring Entity Discretionary Contribution for the Plan Year in which they are applied.
- Forfeitures shall be applied to offset administrative expenses of the Plan for the Plan Year in which such forfeitures are applied. Any forfeitures in excess of administrative expenses shall offset administrative expenses for the next Plan Year or be redistributed to remaining participants at the option of the Trustees.

(ii) Upon the death of the Participant:

- No benefits shall be provided to the Participant's Dependents under Article 7.7 (b) of the RHF Plan Document and the forfeiture provision of said section shall apply.

(d) **Date for Allocation of Forfeitures.** Forfeitures shall be reallocated as of the:

- Allocation Date
- Last day of the Plan Year following a Break-in-Service
 - Last day of the next Plan year
 - Not Applicable

(e) **Restoration of Forfeitures.** If a Participant returns to the employ of the Sponsoring Entity and satisfies the eligibility requirements prior to:

- The ____ anniversary of his termination of employment,
- His or her ____ consecutive Break-in-Service,
- The Participant shall be entitled to have forfeited amounts which have been reallocated credited back to his or her Sponsoring Entity Contribution Account. Funds for restoration of Sponsoring Entity Contribution Account balances will be obtained from the following sources in the order indicated (fill in the appropriate number):
 - ____ Current year forfeitures
 - ____ Additional Sponsoring Entity Contribution.
- Not Applicable

8. ADMINISTRATION FEES

(a) **Active Participants.** Administration Fees with respect to Participants who are active employees of the Sponsoring Entity will be paid as follows:

- All fees paid by Sponsoring Entity
- All fees charged to Participants' Accounts
- Sponsoring Entity to pay \$_____ per Participant per month with balance to be charged to Participants' Accounts.
- Employee to pay \$_____ per month from his or her Participant Account; balance to be paid by Sponsoring Entity.

(b) **Retired Participants.** Administration Fees with respect to retired Participants will be paid as follows:

- All fees paid by Sponsoring Entity
- All fees charged to Participants' Accounts
- Sponsoring Entity to pay \$_____ per Participant per month with balance to be charged to Participants' Accounts.
- Employee to pay \$_____ per month from his or her Participant Account; balance to be paid by Sponsoring Entity.

(c) **Other Former Employees.** Plan Administration Fees with respect to any other Participant whose employment with the Sponsoring Entity has terminated shall be charged to the Participant's Account.

SPONSORING ENTITY

This Adoption Agreement and the corresponding provisions of the Plan and Trust documents are approved and adopted by the Sponsoring Entity on _____, 20____.

Signature: _____

Title: _____ Co-Trustees _____

PLAN ADMINISTRATOR
(If other than Sponsoring Entity)

This Adoption Agreement is acknowledged on behalf of the Plan Administrator on _____, 20____.

Name of Plan Administrator: BABBITT MUNICIPALITIES INC

Signature: _____

Title: _____ President _____

Address of Plan Administrator:

Suite 6, 3963 W. Belmont Ave. _____
Chicago IL 60618 _____

EXHIBIT A

SCHEDULE OF CITY OF ROCHESTER HILLS CONTRIBUTIONS

The schedule is according to the most current bargained agreement between the City of Rochester Hills and the following Employee Groups:

- **Employee Group:** AFSCME Local 2491
- **Employee Group:** AFSCME Local 1917
- **Employee Group:** IAFF Local 3472
- **Employee Group:** Non-union - Benefits must be delineated as there is no CBA