

AMENDMENT TO
MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY
RETIREMENT PLAN

BY THIS AGREEMENT, Minneapolis Community Development Agency Retirement Plan (herein referred to as the “Plan”) is hereby amended as follows:

ARTICLE I
APPLICATION OF AMENDMENT

- 1.1 Precedence. This Amendment supersedes any inconsistent provision of the Plan.
- 1.2 Savings Clause. Save and except as here and above expressly amended, the Plan shall continue in full force and effect.

ARTICLE II
TRANSFER OF PLAN TO CITY OF MINNEAPOLIS

- 2.1 Effective date. The amendments contained in this Article II shall be effective August 24, 2003, unless another date is specified below.
- 2.2 All references in the Plan to “Minneapolis Community Development Agency” or “MCDA” in sections other than the Introduction or the amended provisions described below are amended to “City of Minneapolis.”
- 2.3 The first paragraph of the Introduction to the Plan is amended to read:

The Minneapolis Community Development Agency (the “MCDA”) established and adopted the Minneapolis Community Development Agency Retirement Plan (the “Plan”), effective October 1, 1960. The Plan has been amended from time to time to maintain compliance with applicable laws and regulations and was last restated in its entirety effective as of October 1, 2001. Effective August 24, 2003, sponsorship of the Plan was transferred to the City of Minneapolis for the purpose of providing retirement benefits to those employees transferred to the City of Minneapolis who elect to continue participation in the Plan.

- 2.4 For the transitional Plan Year beginning October 1, 2002 and ending September 30, 2003, “Covered Salary” as defined in the Plan shall include payments by either MCDA or the City of Minneapolis.

2.5 The first sentence of Section 1.06 of the Plan is amended to read:

1.06 “Employee” means any person (and only such persons), including an officer, who: (a) was employed by the MCDA prior to August 24, 2003, and the MCDA determined in the exercise of its sole discretion was a common law employee for purposes of the MCDA’s payroll system; or (b) was employed by the MCDA prior to August 24, 2003, is employed by the City of Minneapolis after August 23, 2003, and the City of Minneapolis determines in the exercise of its sole discretion is a common law employee for purposes of the City of Minneapolis’ payroll system.

2.6 Section 1.10(i) (“Hour of Service”) is amended by adding the following sentence at the end thereof:

No employee shall lose credited Hours of Service due to the transfer of the Plan from the MCDA to the City of Minneapolis, and Hours of Service shall include service with the MCDA prior to August 24, 2003, and service with the City of Minneapolis after August 23, 2003.

2.7 Section 1.14 (“Participant”) is amended by replacing the second sentence with the following:

An Employee who becomes a Participant shall be considered to be a Participant until the earlier of his or her death, payment of all benefits from the Plan to him or her, his or her forfeiture of all benefits under the Plan, or transfer of all benefits from the Plan to another retirement plan.

2.8 Section 1.16 (“Plan”) and any other references to the name of the Plan are amended effective October 1, 2003, to change the name of the Plan to “City of Minneapolis Defined Contribution Retirement Plan.”

2.9 Section 2.01 (“Eligibility”) is amended by adding the following paragraph at the end thereof:

Notwithstanding any provision of the Plan to the contrary, an Employee shall not be eligible to participate in the Plan on or after August 24, 2003, unless the Employee elects, in a manner prescribed by the City of Minneapolis, to continue making the contributions described in Section 3.02. An Employee who participated in the Plan prior to August 24, 2003, but does not elect to continue making such contributions to this Plan, shall cease to receive allocations of employer or employee contributions under the Plan but shall remain a Participant until all benefits under the Plan are paid to him or her, forfeited, or transferred to another retirement plan.

2.10 Section 6.01 (“Termination of Employment”) is amended by inserting the following sentence between the first and second sentences of the first paragraph:

Notwithstanding any other provisions of the Plan to the contrary, a Participant's transfer from employment with the MCDA to employment with the City of Minneapolis, incident to the transfer of MCDA functions to the City of Minneapolis, shall not constitute a termination of employment for purposes of determining the Participant's entitlement to an immediate distribution.

2.11 Article VI ("Benefits") is amended by adding a new Section 6.15 at the end of the Article, reading as follows:

6.15 Transfers to PERA. A Participant whose employment is transferred to the City of Minneapolis prior to February 24, 2004 and who has not terminated employment with the City of Minneapolis, may, within the six months ending on such date, elect to transfer some or all of the Participant's Account (vested and nonvested) to the Coordinated Plan of the Minnesota Public Employees Retirement Association ("PERA"). The transfers shall be made as soon as reasonably practicable following the end of the election period by a trustee-to-trustee transfer. If a Participant is transferring less than his or her entire Account, the Participant may designate from which investment fund or funds the transferred amounts shall be taken. A Participant described in this paragraph shall not be allowed to receive a distribution of any portion of his or her Account. Transfers permitted under this Section 6.15 shall be used to purchase service credit pursuant to the terms of PERA.

ARTICLE III MANDATORY DISTRIBUTIONS

3.1 Effective date. The amendments contained in this Article III shall be effective March 28, 2005, and will apply with respect to distributions made on or after March 28, 2005.

3.2 Automatic Rollover of Certain Mandatory Distributions. The provisions of the Plan that provide for the involuntary distribution of Account balances of \$5,000.00 or less are hereby amended to provide that if the vested balance of the Account exceeds \$1,000.00, the involuntary distribution will be automatically rolled over to an individual retirement plan if the Participant does not elect to receive the distribution or to have it paid to an "eligible retirement plan" specified by the Participant in a direct rollover. In accordance with such amendment, certain specific sections of the Plan are amended, including those identified below.

3.3 Section 6.01 is replaced in its entirety with the following:

6.01 Termination of Employment. A Participant who retires or otherwise terminates employment shall be entitled, at such time as the Participant may elect prior to his or her required beginning date as set of in Section 6.06, to receive a distribution of the Participant's Account, to the extent vested, in the form of payment elected by the Participant under Section 6.02, with the consent of his or her spouse, if applicable. Notwithstanding any other provisions of the Plan to the contrary, a Participant's transfer from employment with the MCDA to employment with the City of Minneapolis, incident to the transfer of MCDA functions to the City of Minneapolis, shall not constitute a termination of employment for purposes of determining the Participant's entitlement to an immediate distribution. If the Participant dies before distribution of his or her benefits from the Plan has commenced, the Participant's Beneficiary shall be entitled, at such time as the Beneficiary may elect in accordance with Section 6.06, to receive a distribution of the Participant's Account, to the extent vested, in the form of payment elected by the Beneficiary under Section 6.02.

Notwithstanding the foregoing, the City of Minneapolis reserves the right to determine that any benefit payable hereunder will be distributed, as soon as reasonably practicable after retirement or termination of employment, in a single distribution if the total nonforfeitable value of the Participant's Account immediately prior to the date of distribution of benefits does not exceed \$5,000.00. In the event of such a mandatory distribution greater than \$1,000.00, if the Participant does not elect to have such distribution paid directly to an eligible retirement plan specified by the Participant in a direct rollover (in accordance with the direct rollover provisions of the Plan) or to receive the distribution directly, then the City of Minneapolis shall pay the distribution in a direct rollover to an individual retirement plan designated by the City of Minneapolis.

ARTICLE IV CONTRIBUTIONS

4.1 Effective date. The amendments contained in this Article IV shall be effective as provided below and, unless otherwise provided, shall apply to covered salary for payroll periods beginning on or after the effective date.

- 4.2 Contribution Amounts. The provisions of the Plan that set the amount of contributions to the Plan, including Sections 3.01, 3.02, and 3.03, are amended to provide that: (1) for the time period of August 24, 2003, through May 31, 2007, the total annual contribution set forth in Section 3.01 increased from 10% to 10.63% of a Participant's Covered Salary; the annual contribution required by a Participant set forth in Section 3.02 increased from 5% to 5.1% of Covered Salary; and the annual contribution required by the employer set forth in Section 3.03 increased from 5% to 5.53% of Covered Salary; and (2) effective June 1, 2007, contributions to the Plan shall be at the contribution rates applicable under the Coordinated Plan of PERA and shall automatically increase with each increase in contributions under the Coordinated Plan of PERA. For example, effective June 1, 2007, the total annual contribution set forth in Section 3.01 shall increase from 10.63% to 12% of a Participant's Covered Salary; the annual contribution required by a Participant set forth in Section 3.02 shall increase from 5.1% to 5.75% of Covered Salary; and the annual contribution required by the employer set forth in Section 3.03 shall increase from 5.53% to 6.25% of Covered Salary. Such contribution rates shall increase again on January 1, 2008, to match the increases in the contribution rates under the Coordinated Plan of PERA. In accordance with such amendment, certain specific sections of the Plan are amended, including those identified below.
- 4.3 The first sentence of Section 3.01 of the Plan is amended to read:
- 3.01 Total Contributions. Effective August 24, 2003, the total annual pre-tax contributions on behalf of a Participant for each Plan Year shall be 10.63% of such Participant's Covered Salary. Effective June 1, 2007, the total annual pre-tax contributions on behalf of a Participant for each Plan Year shall be the percentage of such Participant's Covered Salary that is equal to the rate of the total annual contribution required under the Coordinated Plan of PERA.
- 4.4 The first sentence Section 3.02 of the Plan is amended to read:
- 3.02 Participant Contributions. Effective August 24, 2003, the annual contributions required by a Participant shall be 5.1% of such Participant's Covered Salary. Effective June 1, 2007, the annual contributions required by a Participant shall be a percentage of such Participant's Covered Salary equal to the rate of participant contributions required under the Coordinated Plan of PERA.
- 4.5 The first sentence of Section 3.03 of the Plan is amended to read:
- 3.03 City of Minneapolis Contributions. Effective August 24, 2003, the annual City of Minneapolis contribution on behalf of each Participant shall be 5.53% of such Participant's Covered Salary. Effective June 1, 2007, the annual City of Minneapolis contribution on behalf of each Participant shall be a percentage of such Participant's Covered Salary equal to the rate of employer contributions required under the Coordinated Plan of PERA.

4.6 Special One-Time Contribution. For the 2007 Plan Year, the City of Minneapolis shall make a one-time contribution, in addition to the contributions described in Sections 3.01, 3.02, and 3.03, on behalf of each Participant participating in the Plan as of the date this Amendment is executed. Such one-time contribution shall be equal to the difference between: (a) the total contributions made on behalf of such Participant pursuant to Section 3.03 (i.e., City of Minneapolis contributions), excluding the Participant contributions picked up by the City of Minneapolis, for the time period of January 1, 2006, through May 31, 2007, and (b) the sum of the following amounts: (i) 6.00% of the Participant's Covered Salary for the time period January 1, 2006, through December 31, 2006, and (ii) 6.25% of the Participant's Covered Salary for the time period January 1, 2007, through May 31, 2007. Such one-time contribution shall be allocated to the Participant's Regular Account and shall be subject to all terms and conditions otherwise applicable to the amounts held in the Regular Account.

IN WITNESS WHEREOF, this Amendment has been executed this _____ day of _____, 2007.

CITY OF MINNEAPOLIS

By _____