

**HOLD HARMLESS AGREEMENT
BETWEEN THE CITY OF MADISON AND
PRECISION RETIREMENT GROUP, INC.**

**POST-RETIREMENT SICK LEAVE CONVERSION MEDICAL REIMBURSEMENT PLAN
AND GOVERNMENTAL 401(a) SPECIAL PAY PLAN**

City of Madison (the "City") has established an accumulated sick leave conversion plan arrangement consisting of a **POST-RETIREMENT SICK LEAVE CONVERSION MEDICAL REIMBURSEMENT PLANS 1 and 2 and a GOVERNMENTAL 401(a) SPECIAL PAY PLAN** (the "Plans"). In consideration for the opportunity to offer the Plans to all eligible retiring participants, Precision Retirement Group, Inc., (the "Company") and the City of Madison (the "City") agree as follows:

1. The Company will provide administrative services through its contracted third party administrator; J. D. Benefits, Inc., on behalf of the Plan participants applicable to the Plan.
2. The Company, as well as its agents and representatives, will promptly comply with all written directives of the City regarding the solicitation of Plan participants, the acquisition of Investments, or the administration of the Plan. When requested by the City, the Company will promptly provide detailed information regarding each Plan participant's Investments and contributions to the Plan, as well as any other information the City deems necessary, in its sole discretion, for the administration of the Plan or to confirm compliance with all applicable IRS Code Sections including but limited to Code §115, §105, §213, §401(a) and §457
3. The Company agrees to indemnify and hold harmless the City , its officers, agents, and employees from and against all losses or damages of any kind, including, but not limited to, administrative fees, attorney fees and statutory taxes, surrender penalties, and interest, arising or resulting in any manner from the offering, acquisition, or administration of the Plan and its Investments provided by the Company, except those losses or damages resulting from the negligent acts of the City , its officers, agents, or employees.
4. The Company, at its own expense and risk, will defend any legal proceedings that may be brought against the City, its officers, agents and employees on any claim, demand, cause of action or assessment with respect to which the City, its officers, agents and employees are indemnified and held harmless hereunder, and the Company will satisfy any judgment that may be rendered against any of them in respect to any such claim, demand, cause of action or assessment. The City will promptly notify the Company upon its receipt of any such claim, demand, and cause of action or assessment.
5. The Company acknowledges that any information provided by the City will be treated as confidential and will not be used by the Company, its officers, agents and employees for any

purpose other than to fulfill the obligations of the Company to the City and the Plan participants.

6. The Company acknowledges that its failure to comply with any terms of this Agreement may be considered a cause for termination of its authority to offer and provide Investments and administrative services to the Plan participants and the City. The City may terminate the authority of the Company to offer and provide Investments and administrative services to the Plan participants and the City, at any time, in the sole discretion of the City for any violation of the agreement or for failure to provide the services outlined in the agreement in manner that is consistent with the expectations of the City. In the event of a termination due to a causable event, the Company will assume all and any surrender charges that may be applicable due to the termination of the agreement. However, such termination will not affect the continuing liability of the Company for acts occurring prior to such termination. The City may also terminate this Agreement if it terminates the Plan(s).

7. This Agreement will not be effective until signed and returned to the City, and prior thereto, the Company may not sell any Investments to the City eligible employee participants of the Plan.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its duly authorized officer as of this _____ day of _____, 2006.

PRECISION RETIREMENT GROUP

Signature

Name/Title

_____, 2004
Date

ACCEPTANCE

This Agreement is accepted by City of Madison this ____ day of _____, 2006.

APPROVED:

Mayor
City Of Madison

Comptroller

City Clerk

City Attorney

PLAN ADMINISTRATIVE SERVICES

The City of Madison (the City) has established the **City of Madison Post-Retirement Sick Leave Conversion Medical Reimbursement Plans 1 and 2 and a Governmental 401(a) Special Pay Plan** (the “Plans”) using documents provided by J.D. Benefits, Inc. (the “The Plan Administrator”). Contributions made by the City will be invested in funds offered by Precision Retirement Group, Inc. (the "Company").

At no additional charge to the City, the Plan Administrator shall also provide those administrative services described in the its attached brochure for Retirement Plan Administrators entitled “Working Together on Your Tax Qualified Special Pay Plan”, including, but not limited to, the following services:

1. Posting of contributions and forfeitures to plan and participant accounts in accordance with the terms of the Plan and any additional information provided by the City, and depositing the monies to the selected funding choices based on the latest allocation instructions in the Plan Administrator’s files;
2. Daily valuation of the funding choices, including earnings, for the Plan and each Plan participant’s account;
3. Daily posting of and processing of all transfers among the funding choices to the appropriate Plan and Plan participant account;
4. Daily posting of and processing of all distributions, forfeitures, and withdrawals from the appropriate Plan and Plan participant accounts;
5. Preparing quarterly participant statements of account balances and delivering to each participant;
6. Preparing quarterly Plan reports of transactions, in the Plan Administrator’s format, and sending the quarterly reports to the City;
7. Issuing distribution checks to participants and beneficiaries, performing federal income tax withholding, as necessary, and issuing annual information returns, Form 1099-R;
8. Offering toll-free telephone access to the City and Plan participants to communicate with an assigned Account Service Representative who can assist in answering questions about the Plan and a participant’s funding choices;
9. Complying with the provisions contained in any separate Hold Harmless Agreements signed by the City and the Company;
10. Performing such other services to which the parties may agree from time to time, including those services as described in the Company’s original proposal(s) to the City , as well as any other document signed by the Company or its representatives.

This Agreement shall be effective immediately upon execution of the parties.

J. D. Benefits, Inc.

Signature

Name/Title

_____, 2006

Date

City of Madison

By:

_____ Date: _____

Mayor

City Clerk

APPROVED:

Comptroller

City Attorney

Exhibit A

**City of Madison
POST-RETIREMENT SICK LEAVE CONVERSION MEDICAL REIMBURSEMENT PLAN 1**

**ARTICLE I
CREATION AND PURPOSE**

Effective the date and year indicated below, The City of Madison Wisconsin (the “City”), pursuant to authorization of its City Council, hereby establishes this Plan, known as the “City of Madison Post-Retirement Sick Leave Conversion Medical Reimbursement Plan 1” (hereinafter referred to as the “Plan”).

1.1 Purpose. The purpose of the Plan is to provide for the mandatory conversion of the accumulated sick leave of certain retiring employees of the City into supplemental retirement income benefits and/ or post-retirement medical expense reimbursements for such Participants after retirement from the City. This plan shall supercede and replace all existing policies and agreements of the City for the payment of accumulated sick leave with respect to Participants of the Plan.

1.2 Effective Date. This Plan shall become effective on October 1, 2006, after formal approval of the Plan by the City Council. Except as specifically provided herein, the provisions of this Plan are applicable only to employees of the city who are in the employ of the City on or after the effective date and who are Participants as defined in Section 4.1.

**ARTICLE II
DEFINITIONS**

Whenever used in the Plan, the following words and phrases shall mean:

2.1 “Accumulated Sick Leave” means a Participant’s unused sick leave that has been credited to such Participant under the City’s sick leave policies and regulations or labor agreements as of the date of the Participant’s retirement.

2.2 “Benefit Dollars” means the dollar amount credited to a Participant under this Plan from the conversion of the Participant’s accumulated sick leave at his or her Retirement pursuant to Section 5.1 of the Plan.

2.3 “Benefit Plans” mean the City of Madison Wisconsin Post-Retirement Sick Leave Conversion Medical Reimbursement Plan 1 Trust, and the City of Madison Wisconsin Governmental 401(a) Special Pay Plan Trust and/or 457 Retirement Plan(s) to which amounts equal to Benefit Dollars credited to a Participant under this Plan shall be contributed by the City at the time of the Participant’s Retirement to one or more said Benefit Plans on behalf of the Participant as provided in Article VI of this Plan.

2.4 “Effective Date” shall mean the date the Plan becomes effective as determined under Section 1.2.

2.5 “Participant” means an employee of the City on or after the Effective Date who is employed in a covered employment classification described in Section 4.1.

2.6 “Plan” means the City of Madison Wisconsin Post-Retirement Sick Leave Conversion Medical Reimbursement Plan 1 set forth herein and as it may be amended from time to time.

2.7 “Administrator” means the City of Madison Wisconsin

2.8 “Retirement” means the termination of a Participant’s employment with the City through normal, early or disability retirement as provided by the Wisconsin State Retirement System, or any resignation of employment with the City after completing the minimum number of creditable years of service to the City required to eligible for the payment of Accumulated Sick Leave as specified at the time of such Retirement in the City’s sick leave policies and/or labor agreements applicable to such Participant. A Participant must be eligible to receive benefits from the Wisconsin Retirement System to qualify for retirement.

ARTICLE III ADMINISTRATION

3.1 Plan Administrator. The City shall be the Administrator of this Plan and shall have the discretionary authority to manage and administer this Plan and to discharge all duties delegated to the Administrator under the Plan. The Administrator shall appoint one or more employees of the City to perform its administrative duties under this Plan. In addition, the City may contract with a third party to perform administrative duties.

3.2 Duties of Plan Administrator. The Administrator may adopt such rules and regulations for the administration of the Plan as it shall consider necessary or advisable for its administration and shall have full discretionary power and authority to enforce, construe, interpret and administer the Plan. All interpretations under the Plan and all determinations of fact made in good faith by the Administrator shall be binding on the Participants, their dependents and all other persons interested. Without limiting the generality of the foregoing, the Administrator shall have the following powers:

- a. To require any person to furnish information as may be reasonable for the purpose of proper administration of the Plan, as a condition to receiving any benefits under the Plan;
- b. To adopt rules governing its procedures not inconsistent herewith and keep a record of its action;
- c. To prepare and file such reports as may be required by applicable state statutes or Federal law;
- d. To have sole responsibility for the administration of the Plan and the exclusive right and discretionary authority to interpret the provisions of the Plan and to determine any questions arising hereunder or in connection with the administration of the Plan, including the remedying of any omission, inconsistency or ambiguity, and its decision or action in respect thereof shall be conclusive and binding upon any and all Participants or former Participants;
- e. To decide any questions concerning the Plan and the participation of any employee of the City in this Plan;
- f. To determine the amount of Benefit Dollars which shall be credited to any person in accordance with the provisions of the Plan; and
- g. To maintain accounts showing the transactions of this Plan

3.3 Records and Reports. The Administrator shall exercise such authority and responsibility as it deems appropriate in order to comply with the terms of the Plan relating to the records of the Participants and the benefits which are payable under this Plan. The Administrator may require a Participant to complete and file with the Administrator all pertinent information requested by the Administrator relating to the Participant's participation and the benefits available to such Participant under the Plan, and the Administrator may rely upon all such information so furnished.

3.4 Reliance on Advisors. The Administrator and the officers and employees thereof who carry out the Administrator's administrative duties shall be entitled to rely conclusively upon and shall be fully protected in any action taken or suffered by them in good faith in reliance upon any information or advice provided to the Administrator by actuary, accountant, counsel or other person selected by the Administrator.

3.5 Responsibilities. The Administrator and employees selected to perform its administrative duties hereunder shall use ordinary care and reasonable diligence in the performance of such duties, but shall not be personally liable for any decision or action taken, any failure to act, or by virtue of any contract, agreement, or other instrument made or executed, unless resulting from personal willful misconduct or lack of good faith; nor shall the Administrator or such employees be liable for any mistake in judgment or for neglect, omission or wrongdoing of any officer, actuary or counsel of the Administrator or any person to whom any authority, powers or duties have been delegated by the Administrator.

3.6 Expenses of Administration. All expenses that shall arise in connection with the normal participant administration of the Plan, including but not limited to participant monthly administrative expenses and check processing fees shall be paid by the participant.

3.7 Mistakes and Errors. It is recognized that in the administration of the Plan, certain mathematical and accounting errors may be made or mistakes may arise by reasons of factual errors in information supplied to the Administrator. The Administrator shall have power to cause such equitable adjustments to be made to correct for mathematical, accounting or factual errors made in good faith, as the Administrator in its discretion, deems appropriate.

3.8 Limitations on Administrator's Powers. Notwithstanding anything herein to the contrary, any claim that arises under a Benefit Plan shall not be subject to review under this Plan and the Administrator's authority under this Article shall not extend to any matter as to which a plan administrator under such Benefit Plan is empowered to make.

ARTICLE IV ELIGIBILITY

4.1 Participants on Effective Date. The employees of the City employed in the following employment classifications shall be Participants of the Plan from and after the Effective Date as defined in Section 1.2:

All non-represented salaried employees identified in the Adoption Agreement, and any represented salaried employees upon agreement of the local to join the Plan.

Participation in the Plan by the employees of the City in the employment classifications identified above is mandatory and no Participant shall be entitled to elect against or withdraw from participation in the Plan.

4.2 Future Participation. An employee of the City who is not employed in a covered employment classification as described in Section 4.1 shall become a Participant in the Plan on the date of his or her subsequent employment by the City in a covered employment classification. An employee who is not a member of a covered employment classification shall also become a Participant upon the effective date of any written amendment to Section 4.1 which extends participation in the Plan to the employees in such employment classification.

ARTICLE V CONVERSION OF ACCUMULATED SICK LEAVE TO BENEFIT DOLLARS

5.1 Conversion to Benefit Dollars at Retirement. Upon a Participant's Retirement, the Accumulated Sick Leave of such Participant as determined under the sick leave policies and labor agreements applicable to such Participant shall be converted into a specific amount of Benefit Dollars as follows: Hundred percent (100%) of the Participant's eligible accumulation of sick leave under the City's sick leave policies and/or labor agreements applicable to such Participant at the time of his or her retirement. The Benefit Dollars, as so determined, shall be applied to provide for the funding of the Benefit Plan(s) selected by the City for such Participant after his or her Retirement as provided at Section 6.1.

5.2 No Conversion to Benefit Dollars for Small Accumulations. Notwithstanding the foregoing, if the number of unused sick leave days accumulated by the Participant at the time of his or her

Retirement is less than ten (10) days, there will be no conversion of the Participant's Accumulated Sick Leave to Benefit Dollars under this Plan and such Accumulated Sick Leave shall be paid to the Participant upon Retirement in accordance with the terms and conditions of the City's sick leave policies and/or labor agreements applicable to such Participant at his or her Retirement.

5.3 No Conversion to Benefit Dollars for Terminations Before Retirement. If a Participant terminates employment with the City for any reason other than his or her Retirement, including such Participant's death, there shall be no conversion of the Participant's Accumulated Sick Leave to Benefit Dollars under this Plan.

ARTICLE VI APPLICATION OF BENEFIT DOLLARS

6.1 Selection of Benefit Plan for Participants. Within thirty (30) days of receiving notice of the Participant's Retirement, the City shall select the Benefit Plan or Benefit Plans that will receive contributions from the City on behalf of the Participant which are equal to the Participant's Benefit Dollars. Such Benefit Dollars can only be provided to the Participant in the form of contributions to one or both of the Benefit Plans, and in no event shall a Participant be entitled to receive a cash payment or to have the Benefit Dollars applied to a post-retirement benefit not specified in Section 6.2. The City shall have complete and unrestricted discretion in selecting the Benefit Plan on behalf of a Participant, but shall, in making such selection and the contributions to be made to the selected Benefit Plan(s), consider several established factors and circumstances of the Participant, including the Participant's access to health insurance coverage after his or her retirement, the retirement income needs of the Participant, the amount of the Benefit Dollars available to the Participant, and the Participant's expected tax and financial circumstances after retirement with the City. The contribution of Benefit Dollars to the selected Benefit Plan(s) on behalf of a retiring Participant shall not be made until the Participant has provided the City such information as the City deems to be necessary for its selection of the appropriate Benefit Plan(s) for Participant. Upon making its decision, the City shall notify the Participant in writing of the Benefit Plan or Benefit Plans it has selected and the amount of Benefit Dollars credited to the Participant that will be contributed on behalf of the Participant to each Benefit Plan.

6.2 Contributions to Benefit Plans. The City may select either or a combination of the following Benefit Plan(s) on behalf of any Participant to receive contributions under this Plan:

- a. Post-Retirement Sick Leave Conversion Medical Reimbursement Plan 1. The City may credit all or any portion of the Participant's Benefit Dollars to the Participant's account under the City's Post-Retirement Sick Leave Conversion Medical Expense Reimbursement Plan 1 for reimbursement of the health insurance premiums or eligible medical expenses of the Participant and his or her spouse and dependents after Retirement in accordance with the applicable requirements of federal tax law governing health reimbursement arrangements.
- b. Government 401(a) Special Pay Plan and/or 457 Plan. The City may contribute to the City of Madison Government Section 401(a) Special Pay Plan and/or 457 Plan as an employer contribution to said Governmental 401(a) Special Pay Plan and/or 457 Plan, an amount equal to all or any portion of the Participant's Benefit Dollars. Any amount contributed to the Governmental 401(a) Special Pay Plan and/or 457 Plan shall not

exceed the applicable limitations imposed on such plan by Internal Revenue Code section 401 (a) or 457 and/or Code section 415.

The foregoing contributions shall be made effective upon the date of the Participant's Retirement. Upon application of all of a Participant's Benefit Dollars to one or the other foregoing Benefit Plans, the obligations of the City with respect to the Accumulated Sick Leave of the Participant shall be fully satisfied, and the Participant's right to benefits shall be determined solely by the terms and provisions of the Benefit Plan(s) selected by the City which have been funded by the Participant's Benefit Dollars.

6.3 Responsibilities of City. The City shall use ordinary care and reasonable diligence in the selection of the Benefit Plan(s) and the application of a Participant's Benefit Dollars to such Benefit Plan(s) pursuant to the foregoing provisions of this Article VI, but neither the City or its Board, Council, Committee or Commission members, officers or employees shall have any liability of any kind or description with respect to such selection unless such selection is the result of willful misconduct or lack of good faith. In no event shall the City or its council members, officers or employees have any responsibility to the Participant or any other person to select a Benefit Plan that will maximize a Participant's post-retirement financial results or tax savings and shall have no responsibility for the financial effect or performance of any Benefit Plan.

ARTICLE VII PLAN AMENDMENT AND TERMINATION

7.1 Amendments. The City reserves the right to amend the Plan from time to time by action of its City Council; and, it further reserves the right to make any amendment it determines necessary or desirable, with retroactive effect, to comply with applicable law. The Plan shall be amended, as necessary, to comply with any ruling, regulation or other position of the Internal Revenue Service for the conversion of a Participant's accumulated sick leave into a supplemental retirement income benefits or post-retirement medical benefits without the inclusion of such accumulated sick leave in the taxable income of the Participant in the year in which the conversion is made.

7.2 Right to Terminate. The City reserves the right to terminate the Plan at any time.

ARTICLE VIII MISCELLANEOUS

8.1 No Guarantee of Employment. Nothing contained in this Plan shall be construed as a contract of employment between the City and any Participant.

8.2 Rights to Assets of Employer. No Participant or beneficiary of any Participant shall have any right to, or interest in, any assets of the City upon termination of employment or otherwise, except as provided from time to time under this Plan, and then only to the extent of the benefits payable under the Plan to such Participant or beneficiary. All payments of benefits as provided for in this Plan shall be made out of the post-retirement medical trust established for the benefit of a Participant

8.3 Non-Alienation of Benefits. Benefits payable under this Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary, prior to actually being received by the person entitled to the benefit under the terms of the Plan; and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to benefits payable hereunder, shall be void. The City shall not in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements or torts of any person entitled to benefits hereunder.

8.4 Limitation on City's Liability for Benefit Plans. The City does not guarantee benefits payable under any Benefit Plan, or other similar contract described or referred to herein, and any benefits thereunder shall be the exclusive responsibility of the party that is required to provide such benefits under such Benefit Plan. In no event shall the City, its City Council, and its officers and employees, have any responsibility or liability for the tax qualification of any Benefit Plan, for the investment performance of any Benefit Plan or for the failure of any Benefit Plan to provide benefits unless such benefits are the direct responsibility of the City.

8.5 Severability of Provisions. If any provision of this Plan shall be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, and this Plan shall be construed and enforced as if such provisions had not been included.

8.6 Binding Effect. This Plan shall be binding upon the heirs, executors, administrators, successors, and assigns of each Participant and his or her dependents and beneficiaries, present and future.

8.7 Gender and Number. Except where otherwise clearly indicated by context, the masculine and the neuter as used herein shall include the feminine and the neuter, the singular shall include the plural, and vice-versa.

8.8 Entire Document. This document, including any appendices or supplements thereto, shall constitute the entire Plan and shall govern the respective rights, liabilities, and obligations of the City and each Participant.

8.9 Controlling Law. This Plan shall be construed and enforced according to applicable federal laws and the State of Wisconsin..

CITY OF MADISON

By:

Title: Mayor _____

City Clerk _____

APPROVED:

Comptroller

City Attorney

City of Madison
POST-RETIREMENT SICK LEAVE CONVERSION MEDICAL REIMBURSEMENT PLAN 2
(Existing Retirees)

ARTICLE I
CREATION AND PURPOSE

Effective the date and year indicated below, The City of Madison Wisconsin (the "City"), pursuant to authorization of its City Council, hereby establishes this Plan, known as the "City of Madison Post-Retirement Sick Leave Conversion Medical Reimbursement Plan 2" (hereinafter referred to as the "Plan").

1.3 Purpose. The purpose of the Plan is to provide for the mandatory conversion of the accumulated sick leave of certain retiring employees of the City into supplemental retirement income benefits and/ or post-retirement medical expense reimbursements for such Participants after retirement from the City. This plan shall supercede and replace all existing policies and agreements of the City for the payment of accumulated sick leave with respect to Participants of the Plan.

1.4 Effective Date. This Plan shall become effective on October 1, 2006, after formal approval of the Plan by the City Council. Except as specifically provided herein, the provisions of this Plan are applicable only to retirees of the City who retired from the City prior to the effective date and who are Participants as defined in Section 4.1.

ARTICLE II
DEFINITIONS

Whenever used in the Plan, the following words and phrases shall mean:

2.9 "Accumulated Sick Leave" means a Participant's unused sick leave that has been credited to such Participant under the City's sick leave policies and regulations or labor agreements as of the date of the Participant's participation in the Plan.

2.10 "Benefit Dollars" means the dollar amount credited to a Participant under this Plan from the conversion of the Participant's accumulated sick leave at his or her participation in the Plan.

2.11 "Benefit Plans" mean the City of Madison Wisconsin Post-Retirement Sick Leave Conversion Medical Reimbursement Plan 2 Trust, and the City of Madison Wisconsin Governmental 401(a) Special Pay Plan Trust and/or 457 Retirement Plan(s) to which amounts equal to Benefit Dollars credited to a Participant under this Plan shall be contributed by the City at the time of the Participant's Retirement to one or more said Benefit Plans on behalf of the Participant as provided in Article VI of this Plan.

2.12 "Effective Date" shall mean the date the Plan becomes effective as determined under Section 1.2.

2.13 "Participant" means an employee of the City on or after the Effective Date who is employed in a covered employment classification described in Section 4.1.

2.14 “Plan” means the City of Madison Wisconsin Post-Retirement Sick Leave Conversion Medical Reimbursement Plan 2 set forth herein and as it may be amended from time to time.

2.15 “Administrator” means the City of Madison Wisconsin

2.16 “Retirement” means the termination of a Participant’s employment with the City through normal, early or disability retirement as provided by the Wisconsin State Retirement System, or any resignation of employment with the City after completing the minimum number of creditable years of service to the City required to eligible for the payment of Accumulated Sick Leave as specified at the time of such Retirement in the City’s sick leave policies and/or labor agreements applicable to such Participant. A Participant must be eligible to receive benefits from the Wisconsin Retirement System to qualify for retirement. In this Plan for existing retirees, Retirement may sometimes mean the date of plan participation when the City transfers any existing benefits to the Plan 2 Trust.

ARTICLE III ADMINISTRATION

3.1 Plan Administrator. The City shall be the Administrator of this Plan and shall have the discretionary authority to manage and administer this Plan and to discharge all duties delegated to the Administrator under the Plan. The Administrator shall appoint one or more employees of the City to perform its administrative duties under this Plan. In addition, the City may contract with a third party to perform administrative duties.

3.2 Duties of Plan Administrator. The Administrator may adopt such rules and regulations for the administration of the Plan as it shall consider necessary or advisable for its administration and shall have full discretionary power and authority to enforce, construe, interpret and administer the Plan. All interpretations under the Plan and all determinations of fact made in good faith by the Administrator shall be binding on the Participants, their dependents and all other persons interested. Without limiting the generality of the foregoing, the Administrator shall have the following powers:

- h. To require any person to furnish information as may be reasonable for the purpose of proper administration of the Plan, as a condition to receiving any benefits under the Plan;
- i. To adopt rules governing its procedures not inconsistent herewith and keep a record of its action;
- j. To prepare and file such reports as may be required by applicable state statutes or Federal law;
- k. To have sole responsibility for the administration of the Plan and the exclusive right and discretionary authority to interpret the provisions of the Plan and to determine any questions arising hereunder or in connection with the administration of the Plan, including the remedying of any omission, inconsistency or ambiguity, and its decision or action in respect thereof shall be conclusive and binding upon any and all Participants or former Participants;

- l. To decide any questions concerning the Plan and the participation of any employee of the City in this Plan;
- m. To determine the amount of Benefit Dollars which shall be credited to any person in accordance with the provisions of the Plan; and
- n. To maintain accounts showing the transactions of this Plan

3.3 Records and Reports. The Administrator shall exercise such authority and responsibility as it deems appropriate in order to comply with the terms of the Plan relating to the records of the Participants and the benefits which are payable under this Plan. The Administrator may require a Participant to complete and file with the Administrator all pertinent information requested by the Administrator relating to the Participant's participation and the benefits available to such Participant under the Plan, and the Administrator may rely upon all such information so furnished.

3.4 Reliance on Advisors. The Administrator and the officers and employees thereof who carry out the Administrator's administrative duties shall be entitled to rely conclusively upon and shall be fully protected in any action taken or suffered by them in good faith in reliance upon any information or advice provided to the Administrator by actuary, accountant, counsel or other person selected by the Administrator.

3.5 Responsibilities. The Administrator and employees selected to perform its administrative duties hereunder shall use ordinary care and reasonable diligence in the performance of such duties, but shall not be personally liable for any decision or action taken, any failure to act, or by virtue of any contract, agreement, or other instrument made or executed, unless resulting from personal willful misconduct or lack of good faith; nor shall the Administrator or such employees be liable for any mistake in judgment or for neglect, omission or wrongdoing of any officer, actuary or counsel of the Administrator or any person to whom any authority, powers or duties have been delegated by the Administrator.

3.6 Expenses of Administration. All expenses that shall arise in connection with the normal participant administration of the Plan, including but not limited to participant monthly administrative expenses and check processing fees shall be paid by the participant.

3.7 Mistakes and Errors. It is recognized that in the administration of the Plan, certain mathematical and accounting errors may be made or mistakes may arise by reasons of factual errors in information supplied to the Administrator. The Administrator shall have power to cause such equitable adjustments to be made to correct for mathematical, accounting or factual errors made in good faith, as the Administrator in its discretion, deems appropriate.

3.8 Limitations on Administrator's Powers. Notwithstanding anything herein to the contrary, any claim that arises under a Benefit Plan shall not be subject to review under this Plan and the Administrator's authority under this Article shall not extend to any matter as to which a plan administrator under such Benefit Plan is empowered to make.

ARTICLE IV ELIGIBILITY

4.2 Participants on Effective Date. The employees of the City employed in the following employment classifications shall be Participants of the Plan from and after the Effective Date as defined in Section 1.2:

Retirees of the City of Madison who retired prior to October 1, 2006, and participated in the City's prior plan as set forth in city ordinances.

Participation in the Plan by the employees of the City in the employment classifications identified above is mandatory and no Participant shall be entitled to elect against or withdraw from participation in the Plan.

4.2 Future Participation. An employee of the City who is not employed in a covered employment classification as described in Section 4.1 shall become a Participant in the Plan on the date of his or her subsequent employment by the City in a covered employment classification. An employee who is not a member of a covered employment classification shall also become a Participant upon the effective date of any written amendment to Section 4.1 which extends participation in the Plan to the employees in such employment classification.

ARTICLE V CONVERSION OF ACCUMULATED SICK LEAVE TO BENEFIT DOLLARS

5.1 Conversion to Benefit Dollars at Retirement. Upon a Participant's participation in the Plan, the Accumulated Sick Leave of such Participant as determined under the sick leave policies and labor agreements applicable to such Participant shall be converted into a specific amount of Benefit Dollars as follows: Hundred percent (100%) of the Participant's eligible accumulation of sick leave under the City's sick leave policies and/or labor agreements applicable to such Participant at the time of his or her participation in the Plan. The Benefit Dollars, as so determined, shall be applied to provide for the funding of the Benefit Plan(s) selected by the City for such Participant after his or her participation in the Plan as provided at Section 6.1.

5.2 No Conversion to Benefit Dollars for Small Accumulations. Notwithstanding the foregoing, if the number of unused sick leave days accumulated by the Participant at the time of his or her Retirement is less than ten (10) days, there will be no conversion of the Participant's Accumulated Sick Leave to Benefit Dollars under this Plan and such Accumulated Sick Leave shall be paid to the Participant upon Retirement in accordance with the terms and conditions of the City's sick leave policies and/or labor agreements applicable to such Participant at his or her Retirement.

5.3 No Conversion to Benefit Dollars for Terminations Before Retirement. If a Participant terminates employment with the City for any reason other than his or her Retirement, including such Participant's death, there shall be no conversion of the Participant's Accumulated Sick Leave to Benefit Dollars under this Plan.

ARTICLE VI APPLICATION OF BENEFIT DOLLARS

6.1 Selection of Benefit Plan for Participants. Within thirty (30) days of receiving notice of the Participant's Retirement, the City shall select the Benefit Plan or Benefit Plans that will receive

contributions from the City on behalf of the Participant which are equal to the Participant's Benefit Dollars. Such Benefit Dollars can only be provided to the Participant in the form of contributions to one or both of the Benefit Plans, and in no event shall a Participant be entitled to receive a cash payment or to have the Benefit Dollars applied to a post-retirement benefit not specified in Section 6.2. The City shall have complete and unrestricted discretion in selecting the Benefit Plan on behalf of a Participant, but shall, in making such selection and the contributions to be made to the selected Benefit Plan(s), consider several established factors and circumstances of the Participant, including the Participant's access to health insurance coverage after his or her retirement, the retirement income needs of the Participant, the amount of the Benefit Dollars available to the Participant, and the Participant's expected tax and financial circumstances after retirement with the City. The contribution of Benefit Dollars to the selected Benefit Plan(s) on behalf of a retiring Participant shall not be made until the Participant has provided the City such information as the City deems to be necessary for its selection of the appropriate Benefit Plan(s) for Participant. Upon making its decision, the City shall notify the Participant in writing of the Benefit Plan or Benefit Plans it has selected and the amount of Benefit Dollars credited to the Participant that will be contributed on behalf of the Participant to each Benefit Plan.

6.2 Contributions to Benefit Plans. The City may select either or a combination of the following Benefit Plan(s) on behalf of any Participant to receive contributions under this Plan:

- c. Post-Retirement Sick Leave Conversion Medical Reimbursement Plan 2. The City may credit all or any portion of the Participant's Benefit Dollars to the Participant's account under the City's Post-Retirement Sick Leave Conversion Medical Expense Reimbursement Plan 2 for reimbursement of the health insurance premiums or eligible medical expenses of the Participant and his or her spouse and dependents after Retirement in accordance with the applicable requirements of federal tax law governing health reimbursement arrangements.
- d. Government 401(a) Special Pay Plan and/or 457 Plan. Notwithstanding any other language in this Plan Document, existing retirees shall not have any benefits placed into this the City's Government 401(a) Special Pay Plan and/or 457 Plan.

The foregoing contributions shall be made effective upon the date of the Participant's participation in the Plan. Upon application of all of a Participant's Benefit Dollars to one or the other foregoing Benefit Plans, the obligations of the City with respect to the Accumulated Sick Leave of the Participant shall be fully satisfied, and the Participant's right to benefits shall be determined solely by the terms and provisions of the Benefit Plan(s) selected by the City which have been funded by the Participant's Benefit Dollars.

6.4 Responsibilities of City. The City shall use ordinary care and reasonable diligence in the selection of the Benefit Plan(s) and the application of a Participant's Benefit Dollars to such Benefit Plan(s) pursuant to the foregoing provisions of this Article VI, but neither the City or its Board, Council, Committee or Commission members, officers or employees shall have any liability of any kind or description with respect to such selection unless such selection is the result of willful misconduct or lack of good faith. In no event shall the City or its council members, officers or employees have any responsibility to the Participant or any other person to select a Benefit Plan that will maximize a Participant's post-retirement financial results or tax savings and shall have no responsibility for the financial effect or performance of any Benefit Plan.

ARTICLE VII

PLAN AMENDMENT AND TERMINATION

7.3 Amendments. The City reserves the right to amend the Plan from time to time by action of its City Council; and, it further reserves the right to make any amendment it determines necessary or desirable, with retroactive effect, to comply with applicable law. The Plan shall be amended, as necessary, to comply with any ruling, regulation or other position of the Internal Revenue Service for the conversion of a Participant's accumulated sick leave into a supplemental retirement income benefits or post-retirement medical benefits without the inclusion of such accumulated sick leave in the taxable income of the Participant in the year in which the conversion is made.

7.4 Right to Terminate. The City reserves the right to terminate the Plan at any time.

ARTICLE VIII MISCELLANEOUS

8.10 No Guarantee of Employment. Nothing contained in this Plan shall be construed as a contract of employment between the City and any Participant.

8.11 Rights to Assets of Employer. No Participant or beneficiary of any Participant shall have any right to, or interest in, any assets of the City upon termination of employment or otherwise, except as provided from time to time under this Plan, and then only to the extent of the benefits payable under the Plan to such Participant or beneficiary. All payments of benefits as provided for in this Plan shall be made out of the post-retirement medical trust established for the benefit of a Participant

8.12 Non-Alienation of Benefits. Benefits payable under this Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary, prior to actually being received by the person entitled to the benefit under the terms of the Plan; and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to benefits payable hereunder, shall be void. The City shall not in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements or torts of any person entitled to benefits hereunder.

8.13 Limitation on City's Liability for Benefit Plans. The City does not guarantee benefits payable under any Benefit Plan, or other similar contract described or referred to herein, and any benefits thereunder shall be the exclusive responsibility of the party that is required to provide such benefits under such Benefit Plan. In no event shall the City, its City Council, and its officers and employees, have any responsibility or liability for the tax qualification of any Benefit Plan, for the investment performance of any Benefit Plan or for the failure of any Benefit Plan to provide benefits unless such benefits are the direct responsibility of the City.

8.14 Severability of Provisions. If any provision of this Plan shall be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, and this Plan shall be construed and enforced as if such provisions had not been included.

8.15 Binding Effect. This Plan shall be binding upon the heirs, executors, administrators, successors, and assigns of each Participant and his or her dependents and beneficiaries, present and future.

8.16 Gender and Number. Except where otherwise clearly indicated by context, the masculine and the neuter as used herein shall include the feminine and the neuter, the singular shall include the plural, and vice-versa.

8.17 Entire Document. This document, including any appendices or supplements thereto, shall constitute the entire Plan and shall govern the respective rights, liabilities, and obligations of the City and each Participant.

8.18 Controlling Law. This Plan shall be construed and enforced according to applicable federal laws and the State of Wisconsin..

CITY OF MADISON

By:

Title: Mayor _____

City Clerk _____

APPROVED:

Comptroller

City Attorney