

**DECLARATION OF AMENDMENT TO THE VANTAGECARE RETIREMENT
HEALTH SAVINGS PLAN**

Plan Number: 8 0 0 1 5 0

Name of Employer: City of Gainesville State: Florida

The Employer is amending its VantageCare Retirement Health Savings (RHS) Plan to incorporate the provisions selected below, effective January 1, 2003 (insert effective date of plan amendment). Section numbers refer to the appropriate section of the VantageCare RHS Adoption Agreement.

V. Eligible Groups and Participant Eligibility Requirements: Use this section to allow your employees to choose to participate in the RHS program. If you do not select this option, participation will continue to be mandatory for the employee group(s) named in your original RHS Adoption Agreement. If you choose this option, employees that do not opt to participate in RHS will not receive mandatory contributions or be allowed to choose to make elective employee contributions (see Section VI).

Irrevocable Election to Participate

If this box is checked, in lieu of mandatory participation, the Employer provides for a one-time irrevocable election by eligible Employees to participate in RHS. Until such time as the election is made, the Employee shall not participate in the Plan or receive contributions pursuant to section VI of the RHS Adoption Agreement.

Newly eligible Employees shall be provided an election window of _____ days (no more than 60) from the date of initial eligibility during which they may make the election to participate. Participation may begin no earlier than the calendar month following the end of the election window.

If the Employee does not make the election in the year of initial eligibility, the election to participate may be made in a later year. An annual election window of _____ days (no more than 60) shall be provided during which the election may be made. The election window shall run from _____ to _____ (insert your annual time frame for the election window, e.g. October 1 to November 29). Participation may begin no earlier than the calendar year following the year of the election.

Once made, the election is irrevocable and may not be revoked.

Existing RHS participants: If you have chosen to allow your employees to elect to participate in RHS, you must choose one option below with respect to existing participants.

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Existing RHS Participants shall be allowed to revoke their participation in the Plan on a one-time irrevocable basis. Participants shall be provided a 60-day window from the effective date of the plan amendment to revoke participation. Revocation shall be made on a form provided by the ICMA Retirement Corporation and returned to the Employer. Once participation is revoked, the Participant may not elect to participate in the Plan at any later time. Account assets of Participants that revoke participation shall remain in the Trust to be distributed under the terms of the Plan as outlined in the Employer's VantageCare RHS Adoption Agreement.

Existing RHS Participants shall not be allowed to revoke their participation in the Plan.

By adopting the elective participation option, the Employer acknowledges that the Internal Revenue Service has not ruled on an irrevocable election to participate in an integral part trust. ICMA-R.C has obtained the advice of counsel that such an election is allowable under the conditions outlined in this Adoption Agreement. The Employer should discuss this issue with appropriate counsel.

If the Employer's underlying welfare benefit plan or funding under this VantageCare Retirement Health Savings Plan is in whole or part a non-collectively bargained, self-insured plan, the nondiscrimination requirements of Internal Revenue Code (IRC) Section 105(h) will apply. These rules may impose taxation on the benefits received by highly compensated Employees if the Plan discriminates in favor of highly compensated Employees in terms of eligibility or benefits. The Employer should discuss these rules with appropriate counsel.

VI. Contribution Sources and Amounts: Use sections A and/or B to define your contribution formula(s) for your RHS plan. Section C defines your overall plan contribution maximum (if any).

A. Mandatory Contributions

1. Direct Employer Contributions: The Employer shall contribute on behalf of each Participant 0 % of earnings or \$ 0 for the Plan Year.

Definition of earnings: Gross Wages

2. Mandatory Annual Leave Contributions: The Employer will make mandatory contributions of annual leave as follows:

Accrued Sick Leave* Yes No

Accrued Vacation* Yes No

Other (describe)* _____ Yes No

* Please provide the formula for determining the accrued leave contribution:

An Employee shall not have the right to discontinue or vary the rate of annual leave contributions.

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3. **Mandatory Employee Compensation Contributions:** The Employer will make mandatory contributions of Employee compensation as follows:

- Reduction in Salary - 0.5 % of earnings (as defined in VI.A.1.) or \$ N/A will be contributed for the Plan Year.
- Decreased Merit or Pay Plan Adjustment - All or a portion of the Employees' annual merit or pay plan adjustment will be contributed as follows:
- _____
- _____

An Employee shall not have the right to discontinue or vary the rate of mandatory contributions of Employee compensation.

B. **Elective Contributions:** If you wish to provide for elective contributions, complete sections 1 and/or 2 as appropriate.

1. **Voluntary After-Tax Contributions:** Each Employee may contribute up to 0 % of earnings (as defined in VI.A.1.) or \$ 0 for the Plan Year on a voluntary after-tax basis. In no event may aggregate Employee voluntary after-tax contributions exceed 25% of total contributions in any Plan Year.

An Employee shall have the right to discontinue or vary the rate of voluntary after-tax contributions of Employee earnings.

By adopting this section, the Employer acknowledges that the Internal Revenue Service has declined to rule on Employee after-tax contributions in an integral part trust. ICMA-RC has obtained the advice of counsel that such contributions are allowable in an insubstantial amount (i.e. no more than 25% of total contributions in any Plan Year). The Employer should discuss this issue with appropriate counsel.

2. The Employer will permit each Employee to make the following elections to make pre-tax contributions to the Plan:

a. **Irrevocable Election for Pre-Tax Contributions from Compensation:** A one-time, irrevocable election of the amount of Employer contributions of compensation made on his or her behalf.

Yes No

The Employer limits the amount elected to either a fixed percentage or a range of percentages of an Employee's earnings (as shown below):

up to 10 % of earnings (as defined in VI.A.1.) or \$ up to \$10,000 for the Plan Year.

The employee may irrevocably designate either a fixed percentage or a flat dollar amount, within the respective range.

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Newly eligible Employees shall be provided an election window of 30 days (no more than 60) from the date of eligibility during which they may make the election to contribute. Contributions may begin no earlier than the calendar month following the end of the election window.

If the Employee does not make the election in the year of initial eligibility, the election to contribute may be made in a later year. An annual election window of 30 days (no more than 60) shall be provided during which the election may be made. The election window shall run from Nov 1 to Nov 30 (insert your annual time frame for the election window). Contributions may begin no earlier than the calendar year following the year of the election.

Once made, the election is irrevocable and may not be revoked.

b. Irrevocable Election for Pre-Tax Contributions of Accrued Leave: A one-time, irrevocable election of the amount of Employer contributions of accrued

sick vacation other _____ (describe) leave made on his or her behalf.

Yes No

The Employer limits the amount elected as shown below:

Newly eligible Employees shall be provided an election window of _____ days (no more than 60) from the date of eligibility during which they may make the election to contribute. Contributions may begin no earlier than the calendar month following the end of the election window.

If the Employee does not make the election in the year of initial eligibility, the election to contribute may be made in a later year. An annual election window of _____ days (no more than 60) shall be provided during which the election may be made. The election window shall run from _____ to _____ (insert your annual time frame for the election window). Contributions may begin no earlier than the calendar year following the year of the election.

Once made, the election is irrevocable and may not be revoked.

c. Annual Prospective Election for Pre-Tax Contributions of Leave: An annual, irrevocable election to have his or her sick vacation other _____ (describe) leave to be accrued in the next calendar year, contributed to the Plan on his or her behalf.

Yes No

Contributions of future leave accruals will be remitted to the Plan

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as earned at the end of the calendar year.

The election to contribute must be made in the calendar year before the year in which contributions are to begin. Once made, the election shall apply to succeeding calendar years unless otherwise revised or revoked by the Employee on an annual basis.

An annual election window of _____ days (no more than 60) is provided during which eligible Employees may make the election to contribute. The election window shall run from _____ to _____ of the year prior to the year contributions of leave will begin (insert your annual time frame for the election window).

The Employer limits the amount elected as shown below:

By adopting section a, b, and/or c, the Employer acknowledges that the Internal Revenue Service has not ruled on irrevocable election contributions in an integral part trust. ICMA-RC has obtained the advice of counsel that such contributions are allowable under the conditions outlined in this Adoption Agreement. The Employer should discuss this issue with appropriate counsel.

C. Limits on Contributions: Use this section to define your overall maximum contributions for all contribution types you selected. (Limits on individual contribution types are defined within the appropriate sections above.)

The total contribution on behalf each Participant (including both Mandatory and Elective Contributions) for each Plan Year shall not exceed the following limit(s):

_____% of earnings (as defined in VI.A.1.).

\$ _____.

There is no Plan-defined limit on the percentage or dollar amount of earnings that may be contributed.

VII. Vesting Schedule

- A. The account is 100% vested at all times, unless specified otherwise in B. below.
- B. The following vesting schedule applies to Employer contributions outlined in VI.B.1:

<u>Years of Service Completed</u>	<u>Specified Percent Vesting</u>
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

- C. The account will become 100% vested upon the death, disability, retirement, or attainment of benefit eligibility by a Participant.

Definition of retirement: As Defined in Exhibit 1

- D. Any period of service by a Participant prior to a rehire of the Participant by the Employer shall not count toward the vesting schedule outlined in B. above.

VIII. Forfeiture Provisions

Please complete this Section if a vesting schedule is indicated in Section VII. B.

Upon separation from the service of the Employer, a Participant's non-vested funds shall:

Remain in the Trust to be reallocated among all Plan Participants as Employer Contributions for the next and succeeding contribution cycle(s).

Remain in the Trust to be reallocated pro rata among all Plan Participants.

Remain in the Trust to be reallocated among all Plan Participants based upon Participant account balances.

Revert to the Employer.

EXHIBIT 1 TO ADOPTION AGREEMENT

Definition of Retirement:

When an active employee, as defined below, becomes a retired employee, as defined below.

An Active Employee is:

1. an Employee appointed to a position on a regular continuous, full-time basis, in accordance with the normal schedule of the particular department, usually 40 hours per week, and an Employee appointed to a position on a regular continuous, part-time basis, in accordance with the City of Gainesville Charter Officer's determination that the position is continuous but required the Employee to work less than 40 hours per week.

A Retired Employee is:

1. a former Employee, who is a member of the City of Gainesville Employees Pension Plan or a member of the Consolidated Police Officers and Firefighters Retirement Plan and is receiving a monthly annuity pursuant to an approved application for normal, early, or disability retirement, in accordance with the provisions of these pension plans; or
2. a former Employee of the City receiving a monthly annuity pursuant to an approved application for disability retirement under the City of Gainesville Employee Disability Plan; or
3. a former Employee upon whose behalf employer contributions were made to the ICMA deferred compensation program and/or 401(a) plan and who, at the time of their separation from the City, would have met the age and/or service requirements for normal, or early retirement under the City of Gainesville Employee Pension Plan or the Consolidated Police Officers and Firefighters Retirement Plan, as applicable to the classification they held at the time of their separation.