

**SPECIAL BOARD MEETING/WORK SESSION**

**LTD BOARD OF DIRECTORS**

**September 12, 2011**

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## LANE TRANSIT DISTRICT SPECIAL BOARD MEETING/WORK SESSION

Monday, September 12, 2011  
5:30 p.m.

LTD Board Room  
3500 E. 17<sup>th</sup> Avenue, Eugene  
(off Glenwood Boulevard)

### A G E N D A

	<u>Page No.</u>
I. CALL TO ORDER	
II. ROLL CALL	
Towery _____ Necker _____ Evans _____ Dubick _____	
Eyster _____ Gillespie _____ Kortge _____	
III. PRELIMINARY REMARKS BY BOARD PRESIDENT	
IV. ANNOUNCEMENTS AND ADDITIONS TO AGENDA	2
V. WORK SESSION	
A. West Eugene EmX Extension Project Status (45 minutes) [Tom Schwetz and John Evans]	3
B. Salaried Employees' Retirement Plan Design (45 minutes) [Mary Adams and Everett Moreland]	4
VI. EXECUTIVE (NON-PUBLIC) SESSION PURSUANT TO ORS 192.660(2)(d) to conduct deliberations with persons designated by the governing body to carry on labor negotiations (30 minutes) [Negotiations Team]	36
VII. ADJOURNMENT	

The facility used for this meeting is wheelchair accessible. If you require any special physical or language accommodations, including alternative formats of printed materials, please contact LTD's Administration office as far in advance of the meeting as possible and no later than 48 hours prior to the meeting. To request these arrangements, please call 682-6100 (voice) or 7-1-1 (TTY, through Oregon Relay, for persons with hearing impairments).

## AGENDA ITEM SUMMARY

**DATE OF MEETING:** September 12, 2011

**ITEM TITLE:** ANNOUNCEMENTS AND ADDITIONS TO AGENDA

**PREPARED BY:** Jeanne Schapper, Administrative Services Manager/Clerk of the Board

**ACTION REQUESTED:** None

**BACKGROUND:** This agenda item provides a formal opportunity for Board members to make announcements or to suggest topics for current or future Board meetings.

**ATTACHMENT:** None

**PROPOSED MOTION:** None

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## AGENDA ITEM SUMMARY

**DATE OF MEETING:** September 12, 2011

**ITEM TITLE:** WEST EUGENE EmX EXTENSION PROJECT STATUS

**PREPARED BY:** Tom Schwetz, Director of Planning and Development

**ACTION REQUESTED:** None. Information Only.

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**BACKGROUND:**

As indicated in previous staff reports, LTD is currently in the process of preparing and submitting a Small Starts grant application to the Federal Transit Administration (FTA) for capital funds to be used for construction of the West Eugene EmX Extension. The grant application is due to the FTA on September 12, 2011. LTD also will be submitting the request to enter project development concurrently with the Small Starts application materials. FTA approval of both requests is required to enter the next phase of the project.

At the Board's September 12 work session, Leon Skiles of Leon Skiles and Associates will provide the Board with an overview of the Small Starts grant submittal and the request to enter project development. Mr. Skiles is the lead consultant in the preparation of the FTA submittals. The presentation will provide an overview of the criteria used by FTA to assess applications for this highly competitive funding source, a summary of how LTD's project is expected to perform under these criteria, and an outline of the next steps and approximate timeline for FTA's evaluation of the grant applications submitted from across the country.

**ATTACHMENTS:** None.

**PROPOSED MOTION:** None.

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## AGENDA ITEM SUMMARY

**DATE OF MEETING:** September 12, 2011

**ITEM TITLE:** SALARIED EMPLOYEES' RETIREMENT PLAN DESIGN

**PREPARED BY:** Mary Adams, Director of Human Resources and Risk Management

**ACTION REQUESTED:** Review and Feedback on Draft Plan

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### BACKGROUND:

The Board's Human Resources Committee has been working toward development of a pension plan for new salaried employees since February 7, 2011. Per Board instructions received on June 13, 2011, the Committee has been working with the plan actuaries and attorney to draft a plan document. The Committee met twice during the drafting process. Will Clark-Shim, actuary from the pension trust's actuarial firm Milliman, prepared a document that outlined a series of decisions that must be made before the pension trust's attorney, Everett Moreland, could draft the new plan. All design decisions were discussed, and several tentative agreements were reached. Although all agreements were tentative pending full Board adoption, there were some design features that the Committee felt stronger about than others. On August 9, 2011, the Committee gave final approval to Attorney Moreland to proceed with drafting the plan in accordance with the decisions made by the Committee.

At the Board's September 12 work session, Mr. Moreland and Mr. Clark-Shim will present the draft plan for Board review and adoption. Since there are numerous plan design features, it is the Committee's intent for the full Board to have input to the final design, so this will be an interactive discussion.

Any changes made by the Board at this work session will be added to the draft plan by Attorney Moreland, with the intent of presenting the redrafted plan to the HR Committee meeting on October 11, 2011. This plan will come back to the Board for final review and approval at the November 16 regular Board meeting, and the new plan will be in place for new employees hired after January 1, 2012.

**ATTACHMENTS:** Draft of First Amendment to the 2011 Restatement of LTD Salaried Employees Retirement Plan  
Draft of First Amendment to the Trust Agreement

**PROPOSED MOTION:** None

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FIRST AMENDMENT TO THE 2011 RESTATEMENT OF THE  
LANE TRANSIT DISTRICT SALARIED EMPLOYEES' RETIREMENT PLAN

September 6, 2011, draft

Effective January 1, 2012, the 2011 Restatement of the LANE TRANSIT DISTRICT SALARIED EMPLOYEES' RETIREMENT PLAN (which 2011 Restatement was signed June 22, 2011) is amended as follows:

Amendment establishing the LANE TRANSIT DISTRICT SALARIED EMPLOYEES' DEFINED CONTRIBUTION PROGRAM

1. Appendix A of this First Amendment is added to the 2011 Restatement as Appendix A.

References to Plan Sections

2. References in sections 3 through 34 of this First Amendment to a "Plan Section" or to "Plan Sections" are to a section or sections of the part of the 2011 Restatement preceding Appendix A.

Amendments coordinating the other Plan provisions with the establishment of the LANE TRANSIT DISTRICT SALARIED EMPLOYEES' DEFINED CONTRIBUTION PROGRAM

3. Plan Section 1.10 (defining Final Average Annual Salary) is amended to add to the end thereof:

Despite any contrary provision of this Plan, including without limitation this Section 1.10 and Section 7.5 (about employment after retirement), Final Average Annual Salary does not include Compensation earned on or after the first date the individual became an Eligible Participant as defined in the first sentence of Program Section 2.7. in Appendix A.

4. a. Plan Section 1.11 is amended to read:

1.11 "Fund" - All property held from time to time by the Trustee pursuant to the Trust or held for this Plan in one or more annuity contracts (as defined in IRC Section 401(g) and described in IRC Section 401(f) issued by an insurance company qualified to do business in Oregon or custodial accounts described in IRC Section 401(f). For purposes of this Section 1.11:

(A) The term "annuity contract" does not include a life, health or accident, property, casualty, or liability insurance contract;

(B) The custodian of any custodial account for this Plan must be a bank, as described in Treasury Regulation Section 1.401(f)-1(b)(1)(ii) or other applicable Treasury regulations, or a person who meets the nonbank trustee requirements under Treasury Regulation Section 1.401(f)-1(b)(1)(ii) or other applicable Treasury regulations; and

(C) Any such annuity contract or custodial account must be established pursuant to a valid written agreement, and the terms of the contract or account must make it

impossible, prior to the satisfaction of all liabilities with respect to participants and beneficiaries under this Plan, for any part of the assets and income of the contract or account to be used for, or diverted to, any purpose other than for the exclusive benefit of participants and beneficiaries under this Plan.

- b. In Plan Sections IV, X, 14.4.2.(J), 14.5.2, 15.2, "Trust" is changed to "Fund" each place "Trust" appears after implementing the changes in section 16.b of this First Amendment.
  - c. In Plan Section 14.4.2, "fund" is changed to "Fund".
  - d. In Plan Section 14.4.2(G), "held in trust under the Plan" is changed to "held in the Fund".
  - e. In Plan Section 16.4, "pension trust fund" is changed to "Fund".
5. Plan Section III (about membership) is amended to add as a separate paragraph immediately before Plan Section 3.1:

Limitation on this Section III and other Plan sections. Despite any contrary provision of this Plan, including without limitation this Section III, Section 5.4, and Section 8.8, no Employee who is or has been an Eligible Participant as defined in the first sentence of Program Section 2.7. in Appendix A may become a Member, or resume membership in this Plan, after December 31, 2011, and no Employee may become a Member after January 1, 2012.

6. Plan Section V (about Benefit Credits and Vesting Credits) is amended to add as a separate paragraph immediately before Plan Section 5.1:

Limitation on this Section V and other Plan sections. Despite any contrary provision of this Plan, including without limitation this Section V, Section 5.4, and Section 8.8, no Employee who is or has been an Eligible Participant as defined in the first sentence of Program Section 2.7. in Appendix A may be credited with any whole or partial Benefit Credit or any Vesting Credit, or have any whole or partial Benefit Credit or any Vesting Credit reinstated, on or after the first date the Employee became an Eligible Employee as so defined.

7. Plan Section 6.1.4 is amended to read:

6.1.4 Forfeitures arising from termination of employment or death or for any other reason will not be applied to increase the benefits any Member would otherwise receive under this Plan. The amounts forfeited will be used as soon as possible to pay expenses of administering this Plan with respect to Part 1 Benefits (including the Trust with respect to Part 1 Benefits) and to reduce Employer's contributions under Section IV.

8. a. The second sentence of Plan Section 8.8 (the sentence beginning "Such payment may be made . . .") and Plan Sections 8.8(A) and (B) are replaced by:

Such payment may be made as soon as practicable after termination of employment and will be made subject to the following conditions:

(A) The former Member's Benefit Credits and Vesting Credits will be forfeited.

(B) Upon reemployment with Employer before January 1, 2012:

(1) The former Member will resume membership in this Plan as if no termination had occurred, and the former Member's Benefit Credits and Vesting Credits will be reinstated, if the former Member (a) was fully vested in the Member's Benefit Credits or (b) resumes employment with Employer before a Break in Service; and

(2) Section 5.4 will apply if the former Member was not fully vested in the Member's Benefit Credits and resumes employment with Employer after a Break in Service.

(C) Upon reemployment with Employer after December 31, 2011, the former Member will not resume membership in this Plan and the former Member's forfeited Benefit Credits and Vesting Credits will not be reinstated.

- b. In Plan Section 3.2:

"Section 8.8(A)" is changed to "Section 8.8(B)(1)"; and  
"participation" is changed to "membership".

9. Plan Section IX (about disability benefits) is amended to add as a separate paragraph immediately before Plan Section 9.1:

Limitation on this Section IX and other Plan sections. Despite any contrary provision of this Plan, including without limitation this Section IX, no Employee who is or has been an Eligible Participant as defined in the first sentence of Program Section 2.7. in Appendix A may become eligible for disability benefits under this Section IX.

10. The part of Plan Section 13.2.5 before Plan Section 13.2.5(A) is amended to read:

13.2.5 For periods beginning before a Member's or Inactive Member's permanent termination of employment with Employer, the amounts payable to the Member's alternate payee with respect to the Member's Part 1 Benefits will be determined:

11. The part of Plan Section 14.4.2 before Plan Section 14.4.2(E) is amended to read:

14.4.2 The Trustees have all powers necessary to supervise the administration of this Plan and to control its operation in accordance with its terms, including but not limited to discretionary authority:



(A) To grant or deny benefits under this Plan, to construe and interpret this Plan and all documents governing this Plan, and to decide all questions of fact and law under this Plan or in connection with the administration or operation of this Plan. The intended broad scope of this Section 14.4.2(A) is not limited by the Trustees' discretionary authorities in Sections 14.4.2(B), (C), and (D).

(B) To determine all considerations affecting the eligibility of any employee to be or become a Member of this Plan, to be or become an Eligible Participant as defined in Program Section 2.7. in Appendix A, or to be or become eligible for the contributions required by Section 10.1, allowed by Section 10.2, or allowed by the LANE TRANSIT DISTRICT SALARIED EMPLOYEES' DEFINED CONTRIBUTION PROGRAM in Appendix A or for the allocation of forfeitures under the LANE TRANSIT DISTRICT SALARIED EMPLOYEES' DEFINED CONTRIBUTION PROGRAM in Appendix A.

(C) To determine the Benefit Credits and Vesting Credits of any Member or Inactive Member, to determine the Years of Vesting Service of any Participant in the LANE TRANSIT DISTRICT SALARIED EMPLOYEES' DEFINED CONTRIBUTION PROGRAM in Appendix A, and to compute the amount of retirement allowance, disability benefit, benefits under Section X, and benefits under the LANE TRANSIT DISTRICT SALARIED EMPLOYEES' DEFINED CONTRIBUTION PROGRAM due any person.

(D) To authorize and direct the disbursement of retirement allowances, disability benefits, benefits under Section X, and benefits under the LANE TRANSIT DISTRICT SALARIED EMPLOYEES' DEFINED CONTRIBUTION PROGRAM in Appendix A.

12. In Plan Section 15.2, "Section X" is changed to "Section X or Program Section 3. in Appendix A".

13. Plan Section 15.3(C)(1) is amended to read:

(1) Benefits derived from Employer Contribution Accounts, Voluntary Contribution Accounts, Discretionary Accounts (as defined in Program Section 2.5. in Appendix A), and Matching Accounts (as defined in Program Section 2.13. in Appendix A).

14. Plan Section 15.4 is amended to read:

15.4 This Plan, except Section 15.3(A) above, may be amended by Employer, acting through its Board of Directors or General Manager, at any time and from time to time, but the General Manager may not restrict the Board of Directors' authority to amend this Plan and will notify the Board of Directors of any amendment adopted by the General Manager.

15. Plan Section 16.7 is amended to read:

16.7 Interest will not be paid on any amount of retirement benefit provided under Section VIII or disability benefit provided under Section IX that is paid after the date as of which it is to be paid under this Plan if the amount is paid as soon as administratively practicable after such date, taking into account any delay caused by the person entitled to the payment, any inability

to locate such person, and any uncertainty regarding the identity of such person or the amount to be paid. Where interest is payable on such a benefit, it will be paid at the rate specified in Section 1.1.

### Housekeeping and clarifying amendments

16. a. In the first sentence on page 1 of the part of 2011 Restatement preceding Appendix A (above the RECITALS AND EFFECTIVE DATES section), "(this Plan' or 'the Plan)" is changed to "(this Plan)".
- b. Each place the term appears in the part of the 2011 Restatement preceding Appendix A:
- "the Plan and Trust" is changed to "this Plan and the Trust";
  - "the Plan or Trust" is changed to "this Plan or the Trust";
  - "the Plan office" is changed to "this Plan's office";
  - "The Plan" where not immediately followed by "Year" is changed to "This Plan";
  - After implementing the above changes in this section 16.b and where not immediately followed by "Year" or "Administrator", "the Plan" is changed to "this Plan";
  - "Trust Fund" is changed to "Fund";
  - "contingent annuitant" is changed to "joint annuitant";
  - "administratively feasible" is changed to "administratively practicable";
  - "the Employer" where not immediately followed by "Contribution" is changed to "Employer"; and
  - "individuals" is changed to "individual's".

17. Plan Section 1.2 is amended to read:

1.2 "Beneficiary" - Where this Plan provides for payment under Section VIII (about Part 1 retirement benefits) or Section X (about Part 2 Contributions and Benefits) to a Member's or Inactive Member's Beneficiary after the Member's death, the Beneficiary for that payment is the person or persons named by the Member, in accordance with procedures established or approved by the Trustee, as the Member's beneficiary under this Plan for that payment. For purposes of the preceding sentence, an individual named as the Member's joint annuitant is not thereby named as the Member's beneficiary under this Plan. The person or persons named as a Member's beneficiary under this Plan for payments under either Section VIII or Section X are not thereby named as the Member's beneficiary under this Plan for payments under the other of such sections. For example, the person or persons named as a Member's beneficiary under this Plan for payments under Section VIII are not thereby named as the Member's beneficiary under this Plan for payments under Section X.

1.2.1 If at a Member's or Inactive Member's death the Member has not named a beneficiary under this Plan for a payment, or if no such beneficiary named by the Member survives the Member, the Member's Beneficiary for that payment will be the following default beneficiary or beneficiaries:

- (A) The default beneficiary or beneficiaries, if any, indicated on the form, if any, last filed by the Member, in accordance with procedures established or approved by the Trustee, to name the Member's beneficiary under this Plan for that payment.

(B) If there is no default beneficiary under Section 1.2.1(A), the Member's surviving Spouse or, if there is no such surviving Spouse, the Member's surviving Domestic Partner or, if there is no such surviving Spouse and no such surviving Domestic Partner, the Member's estate; but if the amount so payable to the Member's estate is less than \$5,000 and the Trustee has not received notice of the appointment of an executor or administrator of the Member's estate, payment may be made to the Member's children in equal shares who survive the Member or, if there is no such surviving child, to the Member's siblings in equal shares who survive the Member.

1.2.2 An alternate payee may name a beneficiary or beneficiaries to receive payment of the alternate payee's benefits under Section VIII or Section X after the alternate payee's death. Section 1.2.1 applies to an alternate payee by treating the alternate payee as a Member. The principals of the part of this Section 1.2 preceding Section 1.2.1 apply to an alternate payee. If a decree, order, or agreement requiring payment of an amount to an alternate payee under the provisions of ORS 237.600 satisfies the requirements of Section 13.2.3 and specifies the alternate payee's beneficiary or beneficiaries to receive payment of the alternate payee's benefits under Section VIII or Section X after the alternate payee's death, the alternate payee's benefits under such section at the alternate payee's death will be paid to such beneficiary or beneficiaries.

18. Plan Section 1.19 is amended to read:

1.19 "Plan" - The Lane Transit District Salaried Employees' Retirement Plan.

19. Plan Sections 1.21 through 1.26 are replaced by the following Plan Sections 1.21 through 1.28:

1.21 "Salaried Employee" - An administrative Employee, not including an Employee in a collective bargaining unit of Employees.

1.22 "Service" - Employment by Employer in the classification of Employees eligible for membership in this Plan as provided in Section III or in the Lane Transit District and Amalgamated Transit Union, Local No. 757 Pension Trust.

1.23 "Spouse" - A person of the opposite sex to whom the Member, Inactive Member, or alternate payee is Married.

1.24 "Trust" - The Trust under the Trust Agreement.

1.25 "Trust Agreement" - That certain Trust Agreement dated June 1, 1978, as restated effective August 18, 1999, and as hereafter amended or restated.

1.26 "Trustee" - The Trustees under the Trust Agreement and, as provided in Section XIV, the administrator of this Plan. "The Trustee" and "Trustees" mean all the Trustees.

1.27 "Valuation Date" - The last day of the Plan Year, each day on which the New York Stock Exchange is open for trading, and such other date or dates as may be designated by the Trustee.

1.28 "Vesting Credits" - Credits for Service rendered by a Member or Inactive Member as an Employee, calculated pursuant to Section V for purposes of determining a Member's vested interest in the Member's Benefit Credits.

20. a. In the part of the 2011 Restatement preceding Appendix A, "salaried" is changed to "Salaried" each place "salaried" appears immediately before "Employee", "Employees", or "Employee's".
- b. In Plan Section 3.1, "salaried employment" is changed to "becoming a Salaried Employee".
- c. In Plan Section 3.2, "salaried employment" is changed to "being a Salaried Employee".
- d. In Plan Section 5.5, "salaried status" is changed to "Salaried Employee status" each place "salaried status" appears.
21. In Plan Section 3.2, "Service requirements at Section 3.1 above" is changed to "service requirements in Section 3.1 above".
22. In Plan Section 3.4, "ORS 236.620(2)" is changed to "ORS 236.620" each place "ORS 236.620(2)" appears.
23. Plan Section 8.7 is amended to read:

8.7 Missing Person Forfeiture and Reinstatement. Despite Section 6.1, a Member's vested retirement benefit attributable to Benefit Credits will be forfeited within 23 months after the date the Member's benefit is payable to any person under this Plan if the payment cannot be made because the identity or whereabouts of the person cannot be determined. The Trustee's determination of when the payment cannot be made will be final. If after the forfeiture the person entitled makes a claim to the Trustee for the payment, the amount of the forfeiture will be reinstated and the payment will be made to the person, without interest.

24. Plan Section 10.1.1 is amended to read:

10.1.1 For each payroll period of Employer in which an Employee is a Member (and not an Inactive Member) and eligible for the contributions required by this Section 10.1, Employer will contribute to the Member's Employer Contribution Account 6% of the Member's Compensation for the payroll period, as soon as administratively practicable after the last day of the payroll period.

25. Section 10.3.3 is amended to read:

10.3.3 The Trustee may cause written (including electronic) reports of the status of each Member's, Inactive Member's, and alternate payee's Employer Contribution Account and Voluntary Contribution Account to be furnished to the Member or alternate payee (or Beneficiary after the Member's or alternate payee's death). Within 30 days after receiving such a report a Member, Inactive Member, alternate payee, or Beneficiary must inform the Trustee in writing of any error in the report, in a manner that identifies the error. The Member, Inactive Member, alternate payee, or Beneficiary will suffer any loss resulting from failing to so inform the Trustee if by reason of the

failure the Trustee is unable to cause the provider of the investment arrangement with respect to which the error was made to correct the error at the provider's sole expense.

26. Plan Section 10.3.4 is amended to read:

10.3.4 The following adjustments will be made in these Accounts:

(A) Contributions to a Member's Employer Contribution Account will be made to the Fund and will be credited to the Account when added to the Account.

(B) Contributions to a Member's Voluntary Contribution Account will be made to the Fund and will be credited to the Account when added to the Account.

(C) As of each Valuation Date the Trustee will cause the assets of the Fund in which Employer Contribution Accounts and Voluntary Contribution Accounts are invested to be valued at the then current fair market value using customary methods of valuation and sources of information. The Trustee will incur no liability for any valuation made in good faith.

(D) As of each Valuation Date the Trustee will cause to be allocated to each of the Employer Contribution Accounts and Voluntary Contribution Accounts the following items occurring with respect to the interest of the Account in the fund or funds in which the Account is invested:

(1) The net income or net loss of the fund or funds accrued or actually realized or suffered since the last Valuation Date.

(2) The unrealized net increase or net decrease in the fair market value of the assets of the fund or funds since the last Valuation Date.

(E) As of the last Valuation Date of each Plan Year and as of such additional Valuation Dates as the Trustee from time to time determines, the Trustee will cause to be allocated among the Employer Contribution Accounts and Voluntary Contribution Accounts the expenses of administering this Plan with respect to Part 2 Contributions and Benefits (including the expenses of the Trustee with respect to Part 2 Contributions and Benefits) since the last such Valuation Date that are not paid by Employer, that the Trustee determines are properly chargeable to such Accounts, and that have not been and will not be allocated to the Accounts under the procedures of the investments in which the fund or funds are held. This allocation will be made in the ratio that the balance of each Account at the Valuation Date bears to the balance of all Accounts at the Valuation Date, except that:

(1) Any such amount that the Trustee determines is chargeable to only Employer Contribution Accounts, or only Voluntary Contribution Accounts, will be charged to only such Accounts, and this allocation will be made in the ratio that the balance of each such Account at the Valuation Date bears to the balance of all such Accounts at the Valuation Date; and

(2) Any such amount that the Trustee determines is chargeable to only the Employer Contribution Account or Voluntary Contribution Account, or both such Accounts or a portion of such an Account or Accounts, of a particular Member, Inactive Member, or alternate payee will be charged to only such Account or Accounts or portion.

27. Plan Section 10.4 is amended to add immediately after the first sentence<sup>1</sup> after the caption:

The Trustee shall not be liable for any loss resulting from investments made as so directed.

28. Plan Section 10.5.3(E) is amended to read:

(E) A Distributee may also elect to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover to the extent provided in Section 8.9.

29. Plan Section 10.5.4. is amended to read:

10.5.4 If a Member's Employer Contribution Account or Voluntary Contribution Account is withdrawn or distributed, the Account will be valued as of the Valuation Date designate by the Trustee.

30. In Plan Section 10.5.6., "no later that" is changed to "no later than".

31. Plan Section 10.6 is amended to read:

10.6 Missing Person Forfeiture and Reinstatement. Despite Section 6.2, a Member's or alternate payee's Employer Contribution Account and Voluntary Contribution Account, or a portion thereof, will be forfeited within 23 months after the date the Accounts or portion are payable to any person under this Plan if the payment cannot be made because the identity or whereabouts of the person cannot be determined. The Trustee's determination of when the payment cannot be made will be final. If after the forfeiture the person entitled makes a claim to the Trustee for the payment, the amount of the forfeiture will be reinstated, without interest, earnings, or gain on the forfeited amount between the dates of forfeiture and reinstatement, and the payment will be made to the person. Upon the reinstatement, Employer will contribute to the Fund the amount reinstated, which contribution will be allocated to the forfeited accounts in the amount thereof reinstated. Despite Section 10.1.1, amounts forfeited under this Section 10.6 will, in the Plan Year in which the forfeiture occurs, reduce, in the same amount, Employer's contributions under Section 10.1.1 of 6% of Members' Compensation to Members' Employer Contribution Accounts and be allocated to such accounts in lieu of the amount of such reduction.

32. Plan Section 10.8 is amended to read:

10.8 Reservation of Employer Rights. Employer reserves the right to amend this Plan to make the following changes:

- (A) To cease making any or all contributions under this Section X.

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<sup>1</sup>That first sentence begins: "Each Member, Inactive Member, alternate payee, and Beneficiary of a deceased Member or deceased alternate payee ('Account Holder') shall direct the investment . . . ."

(B) To require Members and Inactive Members to receive distribution of the Member's Employer Contribution Account and Voluntary Contribution Account as soon as administratively practicable after termination of the Member's employment with Employer.

Employer may amend this Plan to make such changes at any time with respect to any or all Members, including Employees who are Members on the date Employer adopts the amendment, and without granting Salaried Employees or Members a salary increase or compensating benefit. No Employee, Member, Inactive Member, beneficiary, joint annuitant, or other person will acquire any right, contractual or otherwise, to contributions under this Section X or to benefits attributable to such contributions except such contributions as are made (and benefits attributable thereto) for Compensation paid before the date Employer adopts the amendment. An amendment described in Section 10.8(B) above may apply to the amounts of the Member's Employer Contribution Account and Voluntary Contribution Account as of the effective date of the amendment and as of any later date.

33. In Plan Section 14.4.4, "to see to the terms" is changed to "to see that the terms".

34. Plan Section 15.6 is amended to read:

15.6 Employer's right to terminate and amend this Plan includes the right to terminate, reduce, or otherwise modify all contributions and benefits under this Plan for service for which Compensation is paid on or after the date Employer adopts the termination or amendment, including with respect to Employees who are Members on the date Employer adopts the termination or amendment, and without granting Employees or Members a salary increase or compensating benefit. No Employee, Member, Inactive Member, beneficiary, joint annuitant, or other person will acquire any right, contractual or otherwise, to contributions or benefits under this Plan except vested contributions and benefits attributable to service for which Compensation is paid before the date Employer adopts the termination or amendment.

LANE TRANSIT DISTRICT

September 6, 2011, draft

By: \_\_\_\_\_  
Ron Kilcoyne, General Manager  
Signed this \_\_\_\_\_, 2011

APPENDIX A

LANE TRANSIT DISTRICT SALARIED  
EMPLOYEES' DEFINED CONTRIBUTION PROGRAM



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## SECTION 1. GENERAL

1.1. PURPOSE. The purpose of the LANE TRANSIT DISTRICT SALARIED EMPLOYEES' DEFINED CONTRIBUTION PROGRAM (this Program) as stated in this Appendix A is to provide contributions for certain salaried employees of Lane Transit District.

1.2. EFFECTIVE DATE. This Program is effective January 1, 2012.

1.3. SECTION REFERENCES. References in this Appendix A to sections of this Plan preceding this Appendix A begin with "Plan Section" and are followed by the section number. References in this Appendix A to sections of this Appendix A begin with "Program Section" and are followed by the section number. For example, "Plan Section 1.9" refers to Section 1.9 (defining Employer) in the part of this Plan preceding this Appendix A and "Program Section 1.1." refers to Section 1.1. (about purpose) of this Appendix A.

1.4. SINGLE PLAN WITH PART 2 CONTRIBUTIONS AND BENEFITS. This Program is a single plan within the meaning of IRC Section 414(l) with the portion of this Plan attributable to contributions and benefits under Plan Section X, and thus this Program is designated in Plan Section 10.7 and this Program Section 1.4., pursuant to IRC Section 401(a)(27)(B), as part of a profit sharing plan. On an ongoing basis, all of this Plan's assets attributable to contributions (and attributable earnings and loss) under Plan Section X and under this Program are available to pay benefits to employees (and their beneficiaries) who are covered either by the portion of this Plan attributable to contributions and benefits under Plan Section X or by this Program, whether the benefits are attributable to contributions (and attributable earnings and loss) under Plan Section X or contributions (and attributable earnings and loss) under this Program.

1.5. PLAN PROVISIONS PRECEDING THIS APPENDIX A THAT APPLY TO THIS PROGRAM. The following Plan provisions apply to this Program:

- Plan Section II, General Provisions
- Plan Section 8.9, Direct Rollovers
- Plan Section 8.10, Automatic Rollovers
- Plan Section 8.11, Required Distribution Rules
- Plan Section 8.13, Oregon Family Fairness Act
- Plan Section XI, Veterans' Reemployment Rights
- Plan Section 12.1, Annual Compensation Limit
- Plan Section 12.3, Limit on Annual Additions
- Plan Section 12.4, Compensation for Purposes of Limit on Annual Additions
- Plan Section 12.5, Limitation Year
- Plan Section 12.6, Annuity Contracts
- Plan Section XIII, Retirement Allowances and Rights Inalienable
- Plan Section XIV, Trustee
- Plan Section XV, Amendment and Termination

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## Plan Section XVI, Miscellaneous

References in the above Plan provisions to a Member, a retired Member, or an Inactive Member will be treated as also referring to a Participant. References in the above Plan provisions to a joint annuitant will be treated as also referring to a Participant's beneficiary.

1.6. PLAN PROVISIONS PRECEDING THIS APPENDIX A THAT DO NOT APPLY TO THIS PROGRAM. The following Plan provisions do not apply to this Program:

- Plan Section I, Definitions, except as provided in Program Section 2. (about definitions)
- Plan Section III, Membership
- Plan Section IV, Employer Contributions for Part I Benefits
- Plan Section V, Benefit Credits and Vesting Credits
- Plan Section VI, Vesting
- Plan Section VII, Retirement Dates; Employment after Retirement
- Plan Section 8.1, Normal Retirement
- Plan Section 8.2, Early Retirement
- Plan Section 8.3, Joint and Survivor Annuity Benefit
- Plan Section 8.4, Delayed Retirement
- Plan Section 8.5, Employee Death Benefit
- Plan Section 8.6, Payment of Retirement Benefits
- Plan Section 8.7, Missing Person Forfeiture and Reinstatement
- Plan Section 8.8, Termination of Employment
- Plan Section 8.12, Ad Hoc Cost-of-Living Increases
- Plan Section IX, Part 1 Disability Benefits
- Plan Section X, Part 2 Contributions and Benefits
- Plan Section 12.2, Limit on Benefits
- Exhibit A

## SECTION 2. DEFINITIONS

Capitalized terms used in this Program and defined in this Program Section 2. have the meanings stated in this Program Section 2.

The definitions in this Program Section 2. apply only to this Program and not to the part of this Plan preceding this Appendix A. The definitions in the part of this Plan preceding this Appendix A apply only to the part of this Plan preceding this Appendix A and not to this Program (but those definitions of capitalized terms used in the Plan provisions listed in Program Section 1.5. (about Plan provisions preceding this Appendix A that apply to this Program) apply to the Plan provisions listed in Program Section 1.5. for purposes of applying those listed Plan provisions to this Program).

The following capitalized terms defined in this Program Section 2. have the same definitions as in Plan Section I:

- Employee
- Employer
- IRC
- Married
- ORS
- Plan
- Salaried Employee
- Trust
- Trust Agreement
- Valuation Date

The following capitalized terms defined in this Program Section 2. have substantially the same definitions as in Plan Section I:

- Domestic Partner
- Fund
- Plan Year
- Spouse
- Trustee

The following capitalized term defined in this Program Section 2. has a different definition from the definition of the term in Plan Section I:

- Beneficiary

The remaining terms defined in this Program Section 2. are not defined as capitalized terms in the part of this Plan preceding this Appendix A.

2.1. Account: A Discretionary Account or Matching Account.

2.2. Alternate Payee: Any Spouse, former Spouse, child or other dependent of a Participant who is recognized by a domestic relations order, as defined in IRC Section 414(p), as having a right to receive all or a portion of the benefits payable under this Program with respect to the Participant.

2.3. Beneficiary: Where this Program provides for payment to a Participant's Beneficiary after the Participant's death, the Participant's Beneficiary for that payment is the person or persons named by the Participant, in accordance with procedures established or approved by the Trustee, as the Participant's beneficiary under this Program for that payment.

a. If at a Participant's death the Participant has not named a beneficiary under this Program for a payment, or if no such beneficiary named by the Participant survives the Participant, the Participant's Beneficiary for that payment will be the following default beneficiary or beneficiaries:

(1) The default beneficiary or beneficiaries, if any, indicated on the form, if any, last filed by the Participant, in accordance with procedures established or approved by the Trustee, to name the Participant's beneficiary under this Program for that payment.

(2) If there is no default beneficiary under Program Section 2.3.a.(1), the Participant's surviving Spouse or, if there is no such surviving Spouse, the Participant's surviving Domestic Partner or, if there is no such surviving Spouse and no such surviving Domestic Partner, the Participant's estate; but if the amount so payable to the Participant's estate is less than \$5,000 and the Trustee has not received notice of the appointment of an executor or administrator of the Participant's estate, payment may be made to the Participant's children in equal shares who survive the Participant or, if there is no such surviving child, to the Participant's siblings in equal shares who survive the Participant.

b. An Alternate Payee may name a beneficiary or beneficiaries to receive payment of the Alternate Payee's benefits under this Program after the Alternate Payee's death. Program Section 2.3.a. applies to an Alternate Payee by treating the Alternate Payee as a Participant. The principals of the part of this Program Section 2.3. preceding Program Section 2.3.a. apply to an Alternate Payee. If a decree, order, or agreement requiring payment of an amount to an Alternate Payee under the provisions of ORS 237.600 satisfies the requirements of Plan Section 13.2.3 and specifies the Alternate Payee's beneficiary or beneficiaries under this Program, the Alternate Payee's benefits under this Program at the Alternate Payee's death will be paid to such beneficiary or beneficiaries.

2.4. Disabled: A Participant is Disabled if the Participant has a medically determinable condition of mind or body resulting from illness or injury not intentionally self-inflicted that permanently prevents the Participant from performing, with reasonable accommodation, the essential functions previously performed by the Participant for Employer. The Plan Administrator may rely

on the certification of a medical examiner satisfactory to the Plan Administrator to the effect that the Participant is Disabled.

2.5. Discretionary Account: A Participant's separate account in the Fund established to receive Employer's contributions under Program Section 3.1. (about contributions to Discretionary Accounts) for the Participant.

2.6. Domestic Partner: The individual whom Plan Section 8.13 requires be treated the same as the Participant's or Alternate Payee's Spouse.

2.7. Eligible Participant: A Salaried Employee whose first paid hour of work as a Salaried Employee, on or after the Employee's most recent date of hire by Employer, is after December 31, 2011.

a. This definition of "Eligible Participant" includes, for example:

(1) A former member of a collective bargaining unit of Employees whose most recent date of hire by Employer is before January 1, 2012, but whose first paid hour of work as a Salaried Employee is after December 31, 2011; and

(2) A Salaried Employee whose first paid hour of work as a Salaried Employee was before January 1, 2012, but whose employment with Employer terminated and who was rehired by Employer, if the Employee's first paid hour of work as a Salaried Employee, on or after the Employee's most recent date of hire by Employer, is after December 31, 2011.

b. Despite the above provisions of this Program Section 2.7., none of the following may become or will be an Eligible Participant while described in any of the following:

(1) A temporary Employee (an Employee who is not a regular employee of Employer or whose compensation is not budgeted by Employer as a portion of or all of a full-time equivalent position).

(2) An Employee included in a collective bargaining unit of Employees.

(3) A leased employee (within the meaning of IRC Section 414(n) or (o)) who is deemed to be an employee of Employer under IRC Section 414(n) or (o).

(4) An Employee whose written employment contract with Employer excludes the Employee from participating in this Program. The exclusion may be by reference to this Plan, this Program, or to a retirement, pension, or qualified plan of Employer, or by identifying the fringe benefits to which the Employee is entitled and excluding the Employee from receiving other fringe benefits.

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(5) An Employee whose wages are paid by an agency or other business that provides individuals who perform services for Employer and pays the individual's wages.

(6) Persons provided sheltered employment or made-work by Employer in an employment or industries program maintained for the benefit of such persons.

(7) Persons employed and paid from federal funds received under the Emergency Job and Unemployment Assistance Act of 1974 (Public Law 93-567) or any other federal program intended primarily to alleviate unemployment.

(8) Persons employed and paid from funds received under any program of the State of Oregon, or of any other governmental entity other than Employer, intended primarily to alleviate unemployment.

(9) Persons not treated as an employee on Employer's payroll records.

2.8. Employee: A common-law employee of Employer.

2.9. Employer: Lane Transit District.

2.10. Fund: All property held from time to time by the Trustee pursuant to the Trust or held for this Plan in one or more annuity contracts (as defined in IRC Section 401(g) and described in IRC Section 401(f)) issued by an insurance company qualified to do business in Oregon or custodial accounts described in IRC Section 401(f). For purposes of this Program Section 2.10.:

a. The term "annuity contract" does not include a life, health or accident, property, casualty, or liability insurance contract;

b. The custodian of any custodial account for this Plan must be a bank, as described in Treasury Regulation Section 1.401(f)-1(b)(1)(ii) or other applicable Treasury regulations, or a person who meets the nonbank trustee requirements under Treasury Regulation Section 1.401(f)-1(b)(1)(ii) or other applicable Treasury regulations; and

c. Any such annuity contract or custodial account must be established pursuant to a valid written agreement, and the terms of the contract or account must make it impossible, prior to the satisfaction of all liabilities with respect to participants and beneficiaries under this Plan, for any part of the assets and income of the contract or account to be used for, or diverted to, any purpose other than for the exclusive benefit of participants and beneficiaries under this Plan.

2.11. IRC: The Internal Revenue Code of 1986, as amended.

2.12. Married: Participating in a legal union between one man and one woman as husband and wife.



2.13. Matching Account: A Participant's separate account in the Fund established to receive Employer's contributions under Program Section 3.2. (about contributions to Matching Accounts) for the Participant.

2.14. Normal Retirement Age: The date the Participant has attained the Participant's 65th birthday and is credited with five Years of Vesting Service.

2.15. ORS: Oregon Revised Statutes.

2.16. Participant: An Eligible Participant and also an individual who has an amount in the individual's Discretionary Account or Matching Account as result of having been an Eligible Participant.

2.17. Plan: The Lane Transit District Salaried Employees' Retirement Plan.

2.18. Plan Year: July 1 to June 30.

2.19. Salaried Employee: An administrative Employee, not including an Employee in a collective bargaining unit of Employees.

2.20. Spouse: A person of the opposite sex to whom the Participant or Alternate Payee is Married.

2.21. Trust: The Trust under the Trust Agreement.

2.22. Trust Agreement: That certain Trust Agreement dated June 1, 1978, as restated effective August 18, 1999, and as hereafter amended or restated.

2.23. Trustee: The Trustees under the Trust Agreement and, as provided in Plan Section XIV, the administrator of this Plan. "The Trustee" and "Trustees" mean all the Trustees.

2.24. Valuation Date: The last day of the Plan Year, each day on which the New York Stock Exchange is open for trading, and such other date or dates as may be designated by the Trustee.

2.25. Year of Vesting Service: An Employee earns one Year of Vesting Service on each annual anniversary of the most recent date of the Employee's first paid hour of work as an Employee, on or after the Employee's most recent date of hire by Employer, but only if the Employee is an Employee on that annual anniversary and on each day of the one-year period immediately preceding that annual anniversary.

a. For example, assume a Salaried Employee's first paid hour of work as an Employee, on or after the Employee's most recent date of hire by Employer, is on March 1, 2012, and the Employee continues as an Employee (whether as a Salaried Employee or in a collective

bargaining unit of Employees) at all times until March 1, 2032, which is the Employee's last day as an Employee. The Employee's first annual anniversary is on March 1, 2013. The Employee earns one Year of Vesting Service on March 1, 2013, and one more Year of Vesting Service on each later March 1 through March 1, 2032.

b. For any amount of a Participant's Accounts that is attributable to contributions (and attributable earnings and loss) made under Program Section 3. (about contributions) for the Participant's employment as a Salaried Employee on or after the Employee's most recent date of hire by Employer, the Participant's Years of Vesting Service do not include any Year of Vesting Service (and will be determined by not considering any employment with Employer) before the Employee's most recent date of hire by Employer.

c. For any amount of a Participant's Accounts that is attributable to contributions (and attributable earnings and loss) made under Program Section 3. (about contributions) for the Participant's employment as a Salaried Employee before the Employee's most recent date of hire by Employer, the Participant's Years of Vesting Service do not include any Year of Vesting Service (and will be determined by not considering any employment with Employer) on or after the Employee's most recent date of hire by Employer.

d. For the purpose of determining Years of Vesting Service, any period during which an individual is laid off by Employer will be counted as a period of employment as an Employee if the period ends after December 31, 2010, and because the individual again becomes an Employee as a result of being recalled by Employer during the Employee's recall eligibility period under Employer's personnel policies or under Employer's collective bargaining agreement with Amalgamated Transit Union, Division No. 757.

## SECTION 3. CONTRIBUTIONS

## 3.1. CONTRIBUTIONS TO DISCRETIONARY ACCOUNTS.

a. For each Plan Year Employer will contribute to each Eligible Participant's Discretionary Account the amount Employer determines, if any, for the Participant and will communicate that amount to the Trustee in writing when or before making the contribution or contributions.

b. Employer expects but is not required to contribute the following amount to each Eligible Participant's Discretionary Account for each payday for which the Participant is an Eligible Participant, less any forfeitures allocated to the Account under Program Sections 4.2.a.(1) and 4.6.b. for the payday:

<i>The Participant's Years of Vesting Service on the payday</i>	<i>Percentage of the Participant's base pay for the payday</i>
0-4	4.5%
5-9	5.6%
10-14	6.7%
15-19	7.8%
20 or more	9%

## 3.2. CONTRIBUTIONS TO MATCHING ACCOUNTS.

a. For each Plan Year Employer will contribute to each Eligible Participant's Matching Account the amount Employer determines, if any, for the Participant and will communicate that amount to the Trustee in writing when or before making the contribution or contributions.

b. Employer expects but is not required to contribute to each Eligible Participant's Matching Account for each payday for which the Participant is an Eligible Participant 50% of the Participant's elective contribution, if any, to the LANE TRANSIT DISTRICT DEFERRED COMPENSATION PLAN for the payday, but not more than 3% of the Participant's base pay for the payday, less any forfeitures allocated to the Account under Program Sections 4.2.a.(2) and 4.6.c. for the payday.

3.3. BASE PAY. An Eligible Participant's base pay is the Participant's base salary or wage, as determined by Employer, paid (or electively contributed under IRC Section 125 or 457(a)) for employment as a Salaried Employee.

a. Base pay includes the Participant's:

(1) Elective contributions from base pay that are not included in gross income under IRC Section 125 (about cafeteria plans) or 457(a) (about eligible deferred compensation plans); and

(2) The following used for paid leave while a Salaried Employee:

(a) Consolidated Annual Leave (CAL) Time Off (including payment for borrowed CAL);

(b) Extended Illness Bank (EIB) Time Off; and

(c) Compensatory time.

b. Base pay excludes any reduction in base pay by any subtraction from the Participant's paycheck for a negative CAL balance by reason of borrowed CAL.

c. Base pay excludes any compensation in addition to base pay, such as (without limitation) any:

(1) Elective contribution under IRC Section 125 or 457(a) from compensation other than base pay;

(2) Employer-funded contribution under IRC Section 125 or 457;

(3) Cashout (if allowed by Employer) of:

(a) CAL;

(b) EIB; or

(c) Compensatory time,

for CAL, EIB, or compensatory time hours accrued and unused, whether the cashout is in lieu of taking accrued time off, at termination of employment, or otherwise;

(4) Award;

(5) Overtime;

(6) Bonus;

(7) Expense reimbursement or allowance;

- (8) Other special allowances or compensation;
- (9) Severance pay;
- (10) Payment for termination; or
- (11) Supplement to compensation receivable under the Oregon Workers' Compensation Law for periods of disability or any similar such supplemental payment.

## SECTION 4. ACCOUNTS

4.1. ESTABLISHING AND MAINTAINING ACCOUNTS. The Trustee will establish and maintain a separate Discretionary Account for each Participant for whom Employer makes contributions under Program Section 3.1. (about contributions to Discretionary Accounts) and a separate Matching Account for each Participant for whom Employer makes contributions under Program Section 3.2. (about contributions to Matching Accounts) until such time as the entire amount of the Account has been distributed or forfeited.

4.2. ADJUSTING ACCOUNTS. The following adjustments will be made to Accounts:

a. Contributions to an Account will be credited to the Account when added to the Account. Forfeitures allocated or reinstated to an Account will be credited to the Account when allocated or reinstated to the Account.

(1) Forfeitures used under Program Section 4.6.b. to reduce contributions under Program Section 3.1. (about contributions to Discretionary Accounts) will be allocated to the Discretionary Accounts as soon as administratively practicable on or after the date the contributions in lieu of which the forfeitures are allocated would have been credited to the Discretionary Accounts.

(2) Forfeitures used under Program Section 4.6.c. to reduce contributions under Program Section 3.2. (about contributions to Matching Accounts) will be allocated to the Matching Accounts as soon as administratively practicable on or after the date the contributions in lieu of which the forfeitures are allocated would have been credited to the Matching Accounts.

b. As of each Valuation Date the Trustee will cause the assets of the Fund in which Accounts are invested to be valued at the then current fair market value using customary methods of valuation and sources of information. The Trustee will incur no liability for any valuation made in good faith.

c. As of each Valuation Date the Trustee will cause to be allocated to each Account the following items occurring with respect to the interest of the Account in the fund or funds in which the Account is invested:

(1) The net income or net loss of the fund or funds accrued or actually realized or suffered since the last Valuation Date.

(2) The unrealized net increase or net decrease in the fair market value of the assets of the fund or funds since the last Valuation Date.

d. As of the last Valuation Date of each Plan Year and as of such additional Valuation Dates as the Trustee from time to time determines, the Trustee will cause to be allocated among the Accounts the expenses of administering this Program (including the expenses of the

Trustee with respect to this Program) since the last such Valuation Date that are not paid by Employer, that are not paid as provided in Program Section 4.6.d. (about using forfeitures to pay expenses of this Program), that the Trustee determines are properly chargeable to the Accounts, and that have not been and will not be allocated to the Accounts under the procedures of the investments in which the fund or funds are held. This allocation will be made in the ratio that the balance of each Account at the Valuation Date bears to the balance of all Accounts at the Valuation Date, except that:

(1) Any such amount that the Trustee determines is chargeable to only Discretionary Accounts, or to only Matching Accounts, will be charged only to such Accounts, and this allocation will be made in the ratio that the balance of each such Account at the Valuation Date bears to the balance of all such Accounts at the Valuation Date; and

(2) Any such amount that the Trustee determines is chargeable to only an Account or the Accounts, or a portion thereof, of a particular Participant or Alternate Payee will be charged to only such Account or Accounts or portion.

4.3. ACCOUNT STATEMENTS. The Trustee may cause written (including electronic) reports of the status of each Participant's and Alternate Payee's Accounts to be furnished to the Participant or Alternate Payee (or Beneficiary after the Participant's or Alternate Payee's death). Within 30 days after receiving such a report a Participant, Alternate Payee, or Beneficiary must inform the Trustee in writing of any error in the report, in a manner that identifies the error. The Participant, Alternate Payee, or Beneficiary will suffer any loss resulting from failing to so inform the Trustee if by reason of the failure the Trustee is unable to cause the provider of the investment arrangement with respect to which the error was made to correct the error at the provider's sole expense.

4.4. INVESTMENT OF ACCOUNTS BY PARTICIPANTS AND BENEFICIARIES. The Trustees may allow one or more Participants and beneficiaries ("Account Holder") to direct the investment of one or more of the Account Holder's Accounts, under procedures established or approved by the Trustees, among the investment alternatives made available to the Account Holder under this Program. The Trustees shall not be liable for any loss resulting from investments made as so directed. An Account Holder's investment direction continues to apply to the Account Holder's Accounts after the Account Holder's death and until the successor Account Holder directs the investment of the Accounts and continues to apply to any portion of the Account Holder's Accounts assigned to an Alternate Payee until the Alternate Payee directs the investment of the assigned portion.

4.5. VESTING OF ACCOUNTS. A Participant becomes 100% vested in the Participant's Discretionary Account and Matching Account on the date the Participant attains Normal Retirement Age while an Employee or becomes Disabled while an Employee and vests earlier in those Accounts only under the following schedule:

<i>If the Participant has earned this number of Years of Vesting Service</i>	<i>The Participant is vested in this percentage of the Discretionary Account</i>	<i>The Participant is vested in this percentage of the Matching Account</i>
0	0%	25%
1	10%	50%
2	20%	75%
3	30%	100%
4	40%	100%
5	60%	100%
6	80%	100%
7 or more	100%	100%

4.6. FORFEITURE OF NONVESTED PERCENTAGE OF ACCOUNTS AFTER TERMINATION. As soon as administratively practicable after termination of the Participant's employment with Employer, the percentage, if any, of the Participant's Account or Accounts in which the Participant is not vested at such termination will be forfeited and removed from the Account or Accounts and be used:

- a. First, to reinstate forfeitures as provided in Program Section 4.7.;
- b. Second, to reduce contributions under Program Section 3.1. (about contributions to Discretionary Accounts), determined by treating Program Section 3.1.b. (about the amount Employer expects to contribute to Eligible Participants' Discretionary Accounts) as requiring Employer to make the contributions described therein;
- c. Third, to reduce contributions under Program Section 3.2. (about contributions to Matching Accounts), determined by treating Program Section 3.2.b. (about the amount Employer expects to contribute to Eligible Participants' Matching Accounts) as requiring Employer to make the contributions described therein; and
- d. Fourth, to pay expenses of this Program that the Trustee may cause to be allocated under Program Section 4.2.d. (determined by ignoring the reference to this Program Section 4.6.d. in Program Section 4.2.d.), except expenses described in Program Section 4.2.d.(2) (about an amount the Trustee determines is chargeable to only an Account or the Accounts of a particular Participant or Alternate Payee).



If the amount to be used as described in Program Section 4.6.b. for a payday is less than the amount of the contributions described in Program Section 4.6.b. for the payday, the amount to be used as described in Program Section 4.6.b. for the payday will be used to reduce the contributions described in Program Section 4.6.b. for the payday for each Eligible Participant in the ratio of the contributions described in Program Section 4.6.b. for the payday for the Participant to the contributions described in Program Section 4.6.b. for the payday for all Eligible Participants.

If the amount to be used as described in Program Section 4.6.c. for a payday is less than the amount of the contributions described in Program Section 4.6.c. for the payday, the amount to be used as described in Program Section 4.6.c. for the payday will be used to reduce the contributions described in Program Section 4.6.c. for the payday for each Eligible Participant in the ratio of the contributions described in Program Section 4.6.c. for the payday for the Participant to the contributions described in Program Section 4.6.c. for the payday for all Eligible Participants.

4.7. FORFEITURE AND REINSTATEMENT OF VESTED PERCENTAGES OF ACCOUNTS OF MISSING PERSONS. Despite Program Section 4.5., the vested percentages of a Participant's or Alternate Payee's Accounts, or a portion thereof, will be forfeited within 23 months after the date the vested percentages of the Accounts or portion are distributable to any person under this Program if the distribution cannot be made because the identity or whereabouts of the person cannot be determined. The Trustee's determination of when the distribution cannot be made will be final. The forfeited vested percentages will be added to the forfeited percentages described in Program Section 4.6. and be used as soon as administratively practicable as described in Program Section 4.6. If after the forfeiture the person entitled makes a claim to the Trustee for the distribution, the amount of the forfeiture will be reinstated as soon as administratively practicable, without interest, earnings, or gain on the forfeited amount between the dates of forfeiture and reinstatement, and the distribution will be made to the person. The reinstated amount will be funded:

- a. First, from forfeitures as provided in Program Section 4.6.a.; and
- b. Second, from an additional contribution by Employer to the Fund, to be made as soon as practicable after Employer receives notice, from the Trustee or otherwise, of the need for the contribution.

4.8. PAYMENT OF VESTED PERCENTAGES OF ACCOUNTS TO PARTICIPANTS AND BENEFICIARIES. The vested percentages of the amount of a Participant's Accounts will be distributed to the Participant in a lump sum as soon as administratively practicable after termination of the Participant's employment with Employer (even if Employer rehires the Participant before the distribution), except that if a Participant dies before distribution of the entire vested percentages of the amount of the Participant's Accounts, the undistributed part of such vested percentages will be distributed in a lump sum to the Participant's Beneficiary as soon as administratively practicable after the Participant's death. For purposes of this Program Section 4.8., the amount of a Participant's Account is the Account's value as of the Valuation Date designated by the Trustee.

4.9. PAYMENT OF VESTED PERCENTAGE OF PORTION OF ACCOUNTS ASSIGNED TO ALTERNATE PAYEES. Program Section 4.8. applies to an Alternate Payee's Accounts, or an Alternate Payee's portion of a Participant's Accounts, by treating the Alternate Payee as the Participant, except that the vested percentages of an Alternate Payee's Accounts, or of an Alternate Payee's portion of a Participant's Accounts, will be distributed as soon as administratively practicable after the Alternate Payee's right thereto is established. However, this Program may not distribute a benefit to a Participant's Domestic Partner or former Domestic Partner (or other person with respect to whom the distribution does not satisfy the requirements of IRC Section 414(p)(11)) if the Participant has not attained age 62 or separated from employment with Employer and all employers aggregated with Employer pursuant to any of IRC Section 414(b), (c), (m), and (o).

4.10. OVERRIDING PAYMENT RULES.

a. A Distributee may elect to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover to the extent provided in Plan Section 8.9 (about Direct Rollovers).

b. Accounts will be distributed no later than provided in Plan Section 8.11 (about Required Distribution Rules).

## SECTION 5. MISCELLANEOUS

## 5.1. TRANSFERRED EMPLOYEES.

a. An Eligible Participant who transfers to another public employer under ORS 236.610(1), including a transfer provided for by an agreement under ORS 190.010, and elects under ORS 236.620 to continue to participate in this Program for the period provided in ORS 236.620 as in effect with respect to the Participant, will be treated as an Eligible Participant to the extent and while employed by the receiving employer, but only for the period provided in ORS 236.620 as in effect with respect to the Participant. Any contribution required under ORS 236.620 and Program Section 3. (about contributions) with respect to the Participant for the Participant's compensation earned from employment with the receiving employer shall be made by the receiving employer.

b. If an individual transfers to Employer from another public employer under ORS 236.610(1), including a transfer provided for by an agreement under ORS 190.010, and elects under ORS 236.620 to continue to participate in the retirement system of the transferring employer for the period provided in ORS 236.620 as in effect with respect to the individual, during such period the individual will not:

- (1) Become an Eligible Participant.
- (2) Be treated as an Employee.
- (3) Be credited with any paid hour of work for Employer.

c. The Trustee will apply this Program to Eligible Participants and individuals described in this Program Section 5.1. as the Trustee determines appropriate to implement the requirements of ORS 236.605 to 236.640.

5.2. EXCLUSIVE BENEFIT; CONTRIBUTIONS UNDER MISTAKE OF FACT. Despite any contrary provision in this Plan, at no time will any assets of the Fund attributable to this Program revert to, or be recoverable by Employer or be used for, or diverted to, purposes other than for the exclusive benefit of Participants and their beneficiaries and defraying reasonable expenses of administering this Program (including the portion of the Fund attributable to this Program), except that any contribution made because of a mistake of fact may be returned to Employer within one year of its payment by Employer and any assets forfeited under Program Section 4.6. or 4.7. and not used as described in Program Section 4.6. may be returned to Employer after termination of this Program and the portion of this Plan attributable to contributions and benefits under Plan Section X.

FIRST AMENDMENT TO THE TRUST AGREEMENT  
RESTATED EFFECTIVE AUGUST 18, 1999, FOR THE  
LANE TRANSIT DISTRICT SALARIED EMPLOYEES' RETIREMENT PLAN

September 6, 2011, draft

Effective January 1, 2012, the last paragraph (the paragraph beginning: "Notwithstanding 2.1(A) and (B) above, effective July 1, 1999, . . .") of section 2.1 of the Trust Agreement for the Lane Transit District Salaried Employees' Retirement Plan (which Trust Agreement was restated effective August 18, 1999) is replaced by the following:

Notwithstanding 2.1(A) and (B) above, effective July 1, 1999, each Member, Inactive Member, and beneficiary ("Account Holder") may direct the investment of the Account Holder's Employer Contribution Account and Voluntary Contribution Account, under procedures established or approved by the Trustee, among the investment alternatives made available to the Account Holder for such accounts. The Trustee shall not be liable for any loss resulting from investments made as so directed.

Notwithstanding 2.1(A) and (B) above, effective January 1, 2012, the Trustee may allow one or more Participants and beneficiaries in the Lane Transit District Salaried Employee's Defined Contribution Program (also "Account Holder") to direct the investment of one or more of the Account Holder's Discretionary Account and Matching Account, under procedures established or approved by the Trustee, among the investment alternatives made available to the Account Holder for such accounts. The Trustee shall not be liable for any loss resulting from investments made as so directed.

An Account Holder's investment direction continues to apply to the Account Holder's accounts after the Account Holder's death and until the successor Account Holder directs the investment of the accounts and continues to apply to any portion of the Account Holder's accounts assigned to an alternate payee until the alternate payee directs the investment of the assigned portion. The Trustee or the investment manager, as the case may be, shall invest, in accordance with the terms of this agreement, any of such accounts not invested at the direction of an Account Holder. Capitalized terms in this and the two preceding paragraphs have the same meanings as in the Plan.

LANE TRANSIT DISTRICT

TRUSTEES

September 6, 2011, draft

By: \_\_\_\_\_  
Mike Eyster, Board President  
Signed this \_\_\_\_\_, 2011

\_\_\_\_\_  
Dean Kortge  
Signed this \_\_\_\_\_, 2011

\_\_\_\_\_  
Ron Kilcoyne  
Signed this \_\_\_\_\_, 2011

\_\_\_\_\_  
Mary Adams  
Signed this \_\_\_\_\_, 2011

FIRST AMENDMENT TO THE TRUST AGREEMENT

## AGENDA ITEM SUMMARY

**DATE OF MEETING:** September 12, 2011

**ITEM TITLE:** EXECUTIVE (NON-PUBLIC) SESSION PURSUANT TO  
ORS 192.660(2)(d)

**PREPARED BY:** Mary Adams, Director of Human Resources and Risk Management, and  
Board Designee for Labor Negotiations

**ACTION REQUESTED:** That the Board meet in Executive Session pursuant to ORS 192.660(2)(d),  
to conduct deliberations with persons designated by the governing body to  
carry on labor negotiations. Members of the District's negotiating team will  
be present for this discussion.

**ATTACHMENT:** None

**PROPOSED MOTION:** I move that the Board meet in Executive Session pursuant to  
ORS 192.660(2)(d), to conduct deliberations with persons designated by  
the governing body to carry on labor negotiations.

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**LANE TRANSIT DISTRICT SALARIED EMPLOYEES' RETIREMENT PLAN  
PROPOSED PLAN STRUCTURE  
DRAFT AS OF 8-9-11**

**Basic Benefit Structure**

Employer Discretionary Contribution

- First five years: 4.5% of Compensation
- Years 6 – 10: 5.6% of Compensation
- Years 11 – 15: 6.7% of Compensation
- Years 16 – 20: 7.8% of Compensation
- Years 21+: 9.0% of Compensation

Employer Matching Contribution

- 50% of employee deferral on the first 6% of Compensation.

**New Entrant Group**

New salaried employees of the District hired after January 1, 2012 would participate in the new retirement benefits.

The hire date on which the employee first works an hour for the District – not the job posting date or any other consideration – would be the relevant factor in determining an employee's eligibility for the new retirement benefits.

ATU members who transfer in a future year to salaried employment will be placed into the new retirement benefits.

**Definition of Compensation**

The current defined benefit plan definition includes salary, overtime, bonus, Extended Illness Bank (EIB) used in the course of employment, and Consolidated Annual Leave (CAL).

Under the new plan, Compensation will be defined as:

- Base salary or wages, including any employee-funded contributions to LTD's Section 125 and 457(b) plans, and CAL used in the course of employment and EIB used in the course of employment. Overtime, bonus, cashouts of unused CAL or any other remuneration would not be included.

**Vesting Provisions**

Definition of Year of Vesting Service:

Vesting will be based on elapsed time. The employee would earn a Year of Vesting Service on each anniversary date of the date of hire.

**Annuitization of Benefits**

The plan will not require nor offer annuities. LTD will monitor future legislative and market developments.

**Hardship Withdrawals, In-Service Distributions and Loans**

These will not be part of the new plan.

# AUDIENCE PARTICIPATION SIGN-UP SHEET—LTD BOARD MEETING

Date September 12, 2011

**PUBLIC RECORD**

NAME	ADDRESS <small>(Street Address, City, Zip Code)</small>	GROUP / REPRESENTING	TOPIC
Bob Machein	1994 Brown	OMOT	Various
George F. Cole	2760 W 11 <sup>th</sup>		
JOZEF			