

DEFERRED COMPENSATION PLAN

Doc # 1146
CITY OF NEWBERG
CITY RECORDER INDEX NO. 1146

FOR

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CITY OF NEWBERG

City of Newberg, a political subdivision of the State of Oregon, herein-after referred to as "Employer", hereby establishes this Deferred Compensation Plan, effective as of the 1st day of July, 1980. The purpose of this Plan is to enable those employees of the Employer who desire to become participants to have the payment of a portion of such participant's compensation deferred and paid over to him at such time as his employment with the Employer is terminated or such participant is faced with an unforeseeable emergency. This Plan is intended to satisfy the requirements of § 457 of the Internal Revenue Code of 1954.

Participation

(1) Only employees of the Employer may be participants under this plan. Only employees who have completed the 6 month probation period may participate.

(2) Only those employees of the Employer who agree in writing to have a portion of their compensation deferred pursuant to the terms of the Plan shall be participants of this plan.

(3) Any employee desiring to participate in the Plan must elect to do so, in writing prior to the beginning of the period in which compensation is to be deferred.

(4) Any participant may change the amount deferred by submitting a revised "Agreement to Participate in Deferred Compensation Plan" form. Participants may not change the amount deferred more frequently than once each month.

(5) Any participant shall have the right to revoke his election to participate during any calendar quarter in which he is a participant, but such revocation shall become effective only upon the first day of the next month (calendar month) following such revocation. Revocations shall have no effect on the compensation previously deferred, which remains subject to the provisions of the terminated agreement.

(6) An election to become a participant under the plan shall be made by completing an "Agreement to Participate in Deferred Compensation Plan" form supplied by the Employer, and signed by the employee and the Employer. Revocation of participation in the Plan shall be made by completing the "Revocation" section of the "Agreement to Participate in Deferred Compensation Plan" form supplied by Employer, and signed by the revoking participant and Employer.

(7) No Employee of the Employer who is a participant of any other deferred compensation plan under the provisions of Internal Revenue Code § 457 shall be eligible to become a participant under this Plan while such employee is having any amount of compensation deferred under such other plan.

(8) No employee of the Employer who is having amounts contributed toward an annuity for him by any employer pursuant to Internal Revenue Code § 403 (b) shall be eligible to become a participant under this Plan. (Tax Deferred Annuity)

Deferral of Compensation

(1) The maximum amount of includable compensation of any participant that may be deferred under this plan for the taxable year of such participant shall not exceed the lesser of:

A. \$7,500.00 or

B. 33 and 1/3 percent of the participant's includable compensation.

(2) For one or more of the participant's last three taxable years ending before he attains normal retirement age under the plan, the ceiling set forth in paragraph (1) shall be the lesser of:

A. \$15,000.00, or

B. The sum of

(i) the plan ceiling established for purposes of paragraph (1) for the taxable year (determined without regard to this paragraph) plus

(ii) so much of the plan ceiling established for the purposes of paragraph (1) for the taxable years before the taxable year as has not been used under paragraph (1) or this paragraph.

(3) Compensation of any participant will be deferred for any calendar month under this Plan only if an agreement providing for such deferral has been entered into by such participant before the beginning of such calendar month, and subject to the section entitled "Participation".

Participant's Rights Under Plan

(1) All amounts of compensation deferred under this Plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights, shall remain, until made available to participants or other beneficiaries under the terms of this Plan, solely the property and rights of the Employer (without being restricted to the provision of benefits under this Plan) subject only to the claims of the Employer's general creditors. At any particular time the value of any participant's deferred compensation under this Plan shall represent an obligation of Employer to such participant. With respect to such obligations, participants shall be general creditors.

(2) Any savings account acquired by Employer through purchase and reinvestment shall be the sole property of the Employer and participants shall have no right, title, property or claim to such account except as a general creditor of the Employer.

(3) Participants may not anticipate or assign any of the rights they may have under the Plan and Employer shall reject and refuse to honor any purported anticipation or assignment of such rights.

Distribution of Benefits

(1) No amounts deferred under this Plan will be made available to participants or other beneficiaries earlier than when the participant is separated from service with Employer or is faced with an unforeseeable emergency.

(2) In the event of separation from service with the Employer by a participant by reason of severance, retirement, or disability, Employer shall pay to such participant, at the beginning of the next calendar month following the calendar month in which separation of service occurred, a lump sum equal to the amount deferred by such participant under the Plan plus all interest, dividends and earnings, if any, attributable to such amounts deferred while such deferred amounts were in the possession of Employer. Other forms of payment of such deferred amounts upon separation of service may be made if agreed to in writing by Employer and such participant separating from service, provided that such agreement is entered into prior to such participant's separation from service. All amounts due a participant after separation of service shall continue to be the sole property of Employer and participants separated from service of Employer shall have no right, title, property or claim to such amount except as a general creditor of Employer.

(3) In the event of separation of service with Employer by a participant by reason of death, Employer shall pay to such deceased participant's designated beneficiary, or in the absence of a designated beneficiary to such participant's estate, at the beginning of the next calendar month following the calendar month in which such participant died, a lump sum equal to the amount deferred by such participant under the Plan, plus all interest, dividends and earnings, if any, attributable to such amounts deferred while such deferred amounts were in the possession of Employer.

(4) Should any participant die before receiving all amounts of deferred compensation due him under the Plan, such unpaid amounts shall be paid to such deceased participant's designated beneficiary, or in the absence of a designated beneficiary to such deceased participant's estate. Should any beneficiary designated by a participant die prior to receiving all amounts of deferred compensation due such deceased participant under the Plan, such unpaid amounts of deferred compensation shall be paid to the contingent or final beneficiary as the case may be, as designated by such deceased participant.

(5) All amounts of deferred compensation paid to any participant or other beneficiary under this Plan shall be subject to amounts being withheld by Employer for F.I.C.A., income tax withholding, and any and all other amounts required to be withheld by Employer under applicable laws of the State of Oregon and the United States of America.

Designation of Beneficiary

(1) A participant may designate a beneficiary to receive such participant's deferred compensation under the Plan should such participant die prior to separation of service with Employer or should such participant die after separation of service with Employer but before such participant has received all of such participant's deferred compensation under the Plan. A designation of beneficiary shall be made by completing a "Designation of Beneficiary" form supplied by the Employer, and signed by the participant and Employer. Such designation of beneficiary shall be revokable and the beneficiary designated on the last "Designation of Beneficiary" form executed by a participant shall receive such participant's deferred compensation under the Plan.

Investment of Amounts Deferred

(1) As of the last business day of each pay period of Employer, Employer shall credit on its books and records in each participant's deferred compensation "account" such amount as designated by each participant in each participant's "Agreement to Participate in Deferred Compensation Plan" form for Employer's fiscal year within which is such pay period.

(2) All of the Account shall be invested by Employer in accounts of First Federal Savings and Loan Association of McMinnville, Oregon, which is not a party to this Deferred Compensation Plan.

(3) All dividends, interest and other earnings of the account may, but shall not be required to, be reinvested automatically in the same account.

(4) Notwithstanding Paragraphs (1), (2), and (3) of this section, no participant shall have any secured interest in any accounts established at First Federal Savings and Loan Association, and any such accounts shall be subject to claims of general creditors of Employer.

(5) Employer expressly does not guarantee any specific rate of return or earnings on any participant's deferred compensation account, and Employer makes no representations as to any rate of return or earnings on any participant's deferred compensation account.

Unforeseeable Emergencies

(1) Amounts of deferred compensation under the Plan paid to a participant by reason of an unforeseen emergency shall be limited to only that amount of such deferred compensation reasonably needed by such participant to satisfy such participant's emergency needs. The determination of what amount is reasonably needed shall be solely within the discretion of Employer.

(2) A participant may apply for withdrawal of such amounts of his compensation deferred under the Plan is necessary to satisfy such participant's emergency needs by completing an "Application for Emergency Withdrawal" form supplied by Employer and signed by participant and Employer. The participant making application for such withdrawal shall also submit together with such application such other information as Employer may request.

Definitions

(1) Includable Compensation: Compensation for services performed for Employer which is currently includable in gross income, but not including amounts deferred under this Plan.

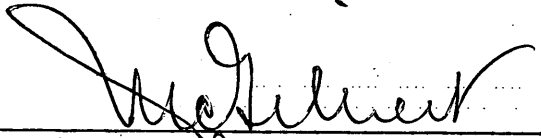
(2) Unforeseeable Emergency: "Unforeseeable Emergency" shall mean and shall have the same definition as that term is defined in regulations to be prescribed by the Secretary of the Treasury.

Amendment of the Plan

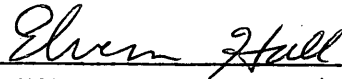
(1) Employer reserves the right to modify or amend this Plan in whole or in part at any time or times or to terminate the Plan at any time if Employer deems it necessary or desirable to effect such modification, amendment, or termination because of a determination by the Internal Revenue Service or because of regulations prescribed by the Secretary of the Treasury.

(2) No amendment or termination of the Plan shall prejudice the existing rights of any participant under the Plan.

IN WITNESS WHEREOF, The undersigned City Administrator and Mayor
have executed this Plan as of the 7th day of July, 1980.



M. C. GILBERT
City Administrator



ELVERN HALL
Mayor