

ADOPTION AGREEMENT FOR
CITY OF MANITOWOC
POST RETIREMENT INCURRED MEDICAL EXPENSE PLAN AND TRUST (PRIME PLAN)

ADOPTION AGREEMENT
CITY OF MANITOWOC
POST RETIREMENT INCURRED MEDICAL EXPENSE PLAN AND TRUST

By executing this Adoption Agreement, the Employer named below establishes a Medical Expense Reimbursement Plan for its eligible employees (the "Plan"). The Employer will, contemporaneously with its execution of this Adoption Agreement, enter into the Post-Retirement Incurred Medical Expense Prime Trust Agreement (the "Trust Agreement") with Pelion Benefits, Inc. of Research Park, North Carolina, as trustee ("Pelion"). Any reference to the Plan in this Adoption Agreement will also refer to the related trust arrangement between the Employer, Pelion and the Employer's eligible employees set forth in the Trust Agreement (the "Trust").

1. Employer Information

City of Manitowoc
900 Quay St
Manitowoc, WI 54220

2. Plan Information

- (a) Effective Date of Plan:
- (b) Plan Number: 001
- (c) Principal Contact Debbie Kumbalek

Trust Intent and Purpose:

The Trust will reimburse each eligible Participant (defined in 3(a) below) for expenses incurred by the Participant for Medical Care for the Participant, the Participant's legal spouse and the Participant's Dependents.

For this purpose, "Medical Care" is defined in Section 213(d) of the Internal Revenue Code and "Dependents" is defined in Section 152 of the Internal Revenue Code as modified by the last sentence of Section 105(b) of the Internal Revenue Code.

3. Participant Eligibility Requirement

Classification and Eligible Groups:

- All Retirees with a minimum \$5000.00 in eligible contributions
- All Full-Time Employees (Define Full-Time)
- Non-Union Employees
- Collectively-Bargained Employees:

a. Participation in this Plan is limited to Retirees and Terminating Employees.

For this purpose, a "Retiree" or "Terminated Employee" is an employee who is (a) covered by any of the collective bargaining agreements to which Employer is subject and which allow participation in the Plan; or (b) subject to the employment policies of Employer allowing participation in the Plan and who, at the time of his or her separation from service, is entitled to a minimum contribution to the Plan of at least \$5,000 and has attained, or will, within the calendar year of separation from service, attain age 55.

b. A Retiree or Terminated Employee is a Participant for purposes of this Adoption Agreement.

c. Nondiscrimination Requirements: This Plan is a self-insured Plan and nondiscrimination rules under the Internal Revenue Code Section 105(h) apply.

4. Plan Contributions

Employer Contributions:

The Employer will make mandatory contributions to the Trust equal to the amounts due a Retiree or Terminated Employee for:

- Accrued Sick Leave
- Accrued Vacation
- Accrued Holiday Pay
- Accrued Compensatory Time
- Other Eligible Amounts (*describe*) Old Sick Bank

Contribution Limits:

No Participant may choose to have Accrued Sick Leave, Accrued Vacation, Accrued Holiday Pay, Accrued Compensatory Time or Other Eligible Amounts paid as cash in lieu of a contribution to the Plan.

The contributions do not count toward the limits defined in Internal Revenue Code section 415.

5. Vesting Schedule

a. Vesting Schedule under the Plan:

Pelion will establish an account for the Employer's contributions to the Trust on behalf of each Participant (the "Account"). Each Participant will acquire a vested percentage in his or her Account as set forth in the following vesting schedule:

- All contributions are 100% full and immediately vested
- Other Vesting Schedule (describe): _____

b. Satisfaction of Service Requirement Upon Rehire:

If the Participant is rehired by the Employer, periods of service prior to the rehiring shall not apply toward the vesting schedule.

c. Other Conditions Resulting in 100% Vesting:

A Participant's Account will become 100% vested upon the death, disability or reaching retirement.

d. Definition of Retirement:

Retirement is defined as: Age 55 during the calendar year of separation

e. Forfeiture of Non-Vested Funds.

When a Participant terminates employment with the Employer, his or her non-vested funds will be forfeited and revert to the Employer.

f. Forfeiture due to the Death of a Participant.

In the event a deceased Participant has no surviving spouse or dependents, the Account balance of the Deceased Participant will be forfeited and revert to the Employer.

6. Participant Investment Direction

a. Pre-Retirement Fixed Account:

Pelion, as Trustee of the Trust, will invest all funds contributed by the Employer in a guaranteed, fixed, interest-bearing instrument. As set forth in the Trust Agreement, before retirement, Participants will not be permitted to direct the investment of their Accounts.

b. Post-Retirement Self-Directed Account:

Pelion, as Trustee of the Trust, will invest all funds contributed by the Employer in a guaranteed fixed interest-bearing instrument. As set forth in the Trust Agreement, Participants will not be permitted to direct the investment of their Accounts.

7. Post Retirement Benefits

a. Benefit Payments

A Participant may receive benefit payments from his or her Account after the Participant's Retirement.

Dependents of a Participant who are covered under the Plan at the Participant's death may continue to receive reimbursements from the Participant's Account balance.

8. General Provisions

General Employer Provisions:

a. Precision Retirement Group, Inc. and Pelion provide consulting services and sample documents to assist the Employer in establishing the Plan. The Employer is responsible for obtaining independent legal and investment review before the Employer establishes the Plan. The Employer may request a ruling on the Plan from the Internal Revenue Service.

b. Employer is responsible for the establishment and administration of the Plan. Employer chooses the investment options and is responsible for investments as provided under the Trust Agreement.

c. Employer appoints Pelion Benefits, Inc. to provide administrative services for the Plan. Pelion will provide third-party administrative services under the terms of a separate Administrative Services Agreement. Employer shall provide contribution information and participant eligibility information to Pelion as necessary to administer the Plan. Each Participant's Account shall be responsible for paying Plan fees and Participant account administration fees as specified in the Administrative Services Agreement.

d. Employer reserves the right to alter, amend or terminate the Plan at any time for any reason. Upon termination, any investments or assets held by the Trust shall be subject to the provisions of the Trust Agreement.

e. Employer has the discretion and exclusive right to interpret the Plan and to decide all matters arising under the Plan, including the discretion and right to make determinations of fact, and construe and interpret possible ambiguities, inconsistencies, or omissions in the Plan issued in connection with the Plan.

f. A Participant may not alienate his right to receive benefits, whether by assignment or any other method.

9. Acknowledgments and Signatures

Employer attests that it is a division, agency or instrumentality of a state or local governmental entity and performs an essential governmental function.

Employer acknowledges that it must properly complete this Adoption Agreement to adopt the Plan.

CITY OF MANITOWOC

By: _____
Justin M. Nickels
Title: Mayor

By _____
Jennifer Hudon
City Clerk

PELION BENEFITS, INC. - Plan Administrator

By: _____
Title: President

By: _____
Title: Vice President

