

**THIRD AMENDMENT TO THE
CITY OF ROCKVILLE PENSION PLAN**

Pursuant to the powers of amendment reserved in Section 12.1 of the City of Rockville Pension Plan, as amended and restated effective as of April 1, 2008 (“Plan”), and as subsequently amended, said Plan shall be and the same hereby is further amended by the City of Rockville (“City”), effective as of July 1, 2011, as follows:

FIRST CHANGE

The first sentence of the last paragraph of Section 3.1 is hereby deleted and the following substituted in lieu thereof:

“As of any April 1, if the City contribution to the Defined Benefit Option of the Plan exceeds 6.5% of the Earnings of the Employees who are participating under the Defined Benefit Option as of such April 1, the City, in its discretion, reserves the right to impose a ‘Supplemental Employee Contribution’ for the following fiscal year.”

SECOND CHANGE

The second through fourth sentences of Section 4.1 shall be deleted in their entireties and the following substituted in lieu thereof:

“An Employee shall, within thirty (30) days of his/her employment by the City, make an irrevocable written election to receive any unused sick leave upon his/her retirement either (1) as additional Credited Service under this Plan, or (2) as a cash payment in accordance with the City’s personnel policies; provided, however, that such additional Credited Service or cash payment shall be available under the Plan only if such Employee has reached the earlier of his/her Early or Normal Retirement Date upon termination of employment with the City. If an Employee retires on his Early, Normal or Deferred Retirement Date and has elected to receive unused sick leave in the form of a cash payment, such payment shall be made at retirement in accordance with the City’s personnel policies. If an Employee retires on his Early, Normal or Deferred Retirement Date and has elected to receive unused sick leave in the form of additional Credited Service under this Plan, each twenty-two (22) days of unused sick leave will be credited as one additional month of Credited Service. Any days of sick leave in excess of a multiple of twenty-two (22) days shall be

converted to a cash payment at retirement in accordance with the City's personnel policies."

THIRD CHANGE

The last sentence of the second paragraph of Section 5.2 shall be deleted in its entirety and the following substituted in lieu thereof:

"For Administrative Personnel and Union Employees hired before July 1, 2011, such Early Retirement Benefit shall be decreased by 1/4 of 1% for each month the Employee retires early. For Administrative Personnel and Union Employees hired on or after July 1, 2011, such Early Retirement Benefit shall be decreased by 3/8 of 1% for each month the Employee retires early."

FOURTH CHANGE

The first paragraph of Section 6.1 shall be deleted in its entirety and the following substituted in lieu thereof:

"For Administrative Personnel and Union Employees hired before July 1, 2011, the Normal Retirement Date shall be the first day of the month coincident with or next following the Employee's 60th birthday. For Administrative Personnel and Union Employees hired on or after July 1, 2011, the Normal Retirement Date shall be first day of the month coincident with or next following the later of (a) Employee's 62nd birthday, and (b) the completion of ten (10) years of Credited Service."

FIFTH CHANGE

Section 6.2 shall be deleted in its entirety and the following substituted in lieu thereof:

"Administrative Personnel and Union Employees hired before July 1, 2011 and all Police Employees

For Administrative Personnel and Union Employees hired before July 1, 2011, and for all Police Employees, Early Retirement Date shall be the first day of any month prior to such Employee's Normal Retirement Date, but not before the later of (a) the Employee's 50th birthday, and (b) the completion of ten (10) years of Credited Service.

Administrative Personnel and Union Employees hired on or after July 1, 2011

For Administrative Personnel and Union Employees hired on or after July 1, 2011, Early Retirement Date shall be the first day of any month prior to such Employee's Normal Retirement Date, but not before the later of (a) the Employee's 55th birthday, and (b) the completion of ten (10) years of Credited Service."

SIXTH CHANGE

Section 7.4 shall be deleted in its entirety and the following substituted in lieu thereof:

"Notwithstanding any other provision of the Plan to the contrary:

(a) Subject to Section 7.4(b) below, in the event a participant applies for a benefit as of his/her applicable retirement date and the benefit does not commence until sometime after such retirement date due to administrative delay, the first monthly payment made to the participant shall include any payments that would have been made to the participant (without interest on such payments) had benefits commenced as of his/her applicable retirement date.

(b) If a participant fails to apply for a benefit within six (6) months following attainment of Normal Retirement Date (or if the participant actively works after Normal Retirement Date, his/her Deferred Retirement Date), benefits will automatically commence to the participant, in the normal form of benefit described in Section 7.1, on first day of the month immediately following the date that is six (6) months after attainment of Normal Retirement Date (or Deferred Retirement Date, if applicable). The first monthly payment made to the Participant shall include any payments that would have been made to the participant (without interest on such payments) had benefits commenced as of his/her Normal (or, if applicable, Deferred) Retirement Date.

(c) Distributions from this Plan will be made in accordance with Section 401(a)(9) of the Code (which is hereby incorporated herein) and regulations issued thereunder, including Section 1.401(a)(9)(2). Any Plan provision reflecting Section 401(a)(9) of the Code shall override any Plan provision inconsistent with Section 401(a)(9) of the Code."

SEVENTH CHANGE

The last paragraph of Section 8.1 shall be deleted in its entirety and the following substituted in lieu thereof:

“The monthly amount of such death benefit payable to the Beneficiary shall be equal to 50% of the monthly amount that would have been payable to the Employee, determined in accordance with Section 5.1 and based on his/her years of Credited Service up to the date of his/her death, but determined without regard to any actuarial reduction due to the fact that the Employee had not attained Normal Retirement Age.”

EIGHTH CHANGE

The last two sentences of Section 9.3 are hereby deleted and the following substituted in lieu thereof:

“An Employee shall be 100% vested in the City’s share upon attaining his/her Normal Retirement Date. For Thrift Plan Employees with defined benefit Employee contributions made after March 31, 1986, City contributions are deemed to be zero.”

NINTH CHANGE

Section 15.5 shall be deleted in its entirety and following substituted in lieu thereof:

“An Employee in the Thrift Plan shall be fully vested in his/her Employee contributions with investment earnings thereon. An Employee will also be vested in a portion of the remainder in his/her account attributable to City contributions with investment earnings thereon in accordance with the following table:

<u>Years of Credited Service</u>	<u>Percent of City’s Share Earned</u>
Less than 3	None
3 or more	100%

An Employee shall be 100% vested in the City’s share upon attaining his/her Normal Retirement Date. The Thrift Plan does not take into account any prior service with any other governmental entity for purposes of calculating Credited Service for vesting under the Thrift Plan.”

TENTH CHANGE

Sections 15.6 and 15.7 shall be amended by deleting “seven (7)” each time it appears and substituting “three (3)” in lieu thereof.

The City of Rockville Pension Plan, as amended and restated effective as of April 1, 2008, as amended by the foregoing changes, is hereby ratified and confirmed in all respects.

IN WITNESS THEREOF, the City has caused this Third Amendment to the Plan to be executed this ___ day of _____, 2011.

ATTEST:

CITY OF ROCKVILLE

By: _____