

KANSAS CITY AREA
TRANSPORTATION AUTHORITY
AND THE
AMALGAMATED TRANSIT UNION
LOCAL 1287

**RESTATEMENT OF
UNION EMPLOYEES'
FUNDED PENSION PLAN**

EFFECTIVE NOVEMBER 1, 1971
AS AMENDED DECEMBER 2001



RESTATEMENT OF
KANSAS CITY TRANSPORTATION AUTHORITY
UNION EMPLOYEES' FUNDED PENSION PLAN

The Kansas City Area Transportation Authority and Local No. 1287 of the Amalgamated Transit Union, AFL-CIO, hereby restate in its entirety and amend in part the Kansas City Area Transportation Authority Union Employees' Funded Pension Plan which was initially effective as of November 1, 1971. The general effective date of this Restatement is January 1, 1989. Specific effective dates are included in specific plan provisions.

ARTICLE I: DEFINITIONS

The various terms used herein shall be applied in their usual everyday usage, except those words indicating male employees shall include female employees, unless in either instance the context clearly otherwise requires. As used in this Plan, the following terms shall have the meaning specified in this Article unless a different meaning is clearly required by the context:

1.01 UNION

The term "Union" means Local No. 1287, Amalgamated Transit Union, AFL-CIO.

1.02 AUTHORITY

The term "Authority" means the Kansas City Area Transportation Authority, a body corporate and politic and a political subdivision of the States of Missouri and Kansas.

1.03 PLAN

The term "Plan" means the Kansas City Area Transportation Authority Union Employees' Funded Pension Plan.

1.04 PERMANENT EMPLOYEE

The term “permanent employee” means an employee of the Authority who is in the bargaining unit represented by the Union. The term “permanent employee” does not include any employee who is either a probationary or a temporary employee.

1.05 PROBATIONARY EMPLOYEE

The term “probationary employee” means an employee of the Authority who has not completed the probationary period prescribed by his Department Head in accordance with the terms of the applicable Labor Agreement.

1.06 TEMPORARY EMPLOYEE

The term “temporary employee” means an employee who is hired for a maximum period of ninety (90) days.

1.07 PARTICIPANT

The term “participant” as used in the Plan means each employee of the Authority who was a permanent employee as of November 1, 1971, or who thereafter becomes a permanent employee of the Authority, except as provided in Section 3.03.

1.08 TRUST FUND

The term “Trust Fund” means the Trust established by the Authority and the Union with a designated financial institution, or a successor trustee, to hold, invest and disburse the contributions of the Authority and participants.

1.09 PENSION COMMITTEE

The term “Pension Committee” or “Committee” shall mean the Pension Committee of the Plan, appointed and acting in accordance with the terms of the Plan.

1.10 LABOR AGREEMENT

The term “Labor Agreement” means the Agreement between Local No. 1287, Amalgamated Transit Union, and the Kansas

City Area Transportation Authority and includes the successor agreements thereto.

1.11 AVERAGE MONTHLY EARNINGS

The term "Average Monthly Earnings" means the highest average of gross W-2 earnings less allowances, including amounts excludable from gross income under Section 414(h), Section 457 and/or Section 125 of the Internal Revenue Code of 1986, as amended (the "Code"), for any five (5) calendar years of an employee's employment, such amount divided by sixty (60). If an employee has fewer than five (5) calendar years of employment prior to his retirement or termination of employment, "Average Monthly Earnings" shall be the average of his gross W-2 earnings less allowances, including amounts excludable from gross income under Section 414(h), Section 457 and/or Section 125 of the Code, during his employment, such amount divided by the number of months of his employment.

Elective contributions are amount excludable from the Employee's gross income under Code Sections 125, 402(e)(3), 402(h), 403(b) or 408(p), and contributed by the Employer, at the Employee's election to a Simplified Employee Pension, SIMPLE plan, cafeteria plan or tax-sheltered annuity. Elective contributions also include: (1) Compensation deferred under a Code Section 457 plan maintained by the Employer; and (2) Employee contributions "picked up" by a governmental entity and, pursuant to Code Section 414(h)(2), treated as Employer contributions.

Notwithstanding the foregoing, on and after January 1, 1989, gross W-2 earnings (for purposes of determining benefit accruals hereunder) shall not exceed the effective limitation on compensation determined under Section 401(a)(17) of the Code.

For purposes of administration of this Plan, and for purposes of determining "Average Monthly Earnings" under Section 2.14 hereof, changes in the limitation provided by said Section 401(a)(17) shall be implemented as of the first day of the first Plan Year beginning within the first calendar year with respect to which such changes are mandated by law.

Effective January 1, 1997, the "family aggregation" rules of Code § 414(q)(6) are repealed and of no further effect.

1.12 PLAN YEAR

Prior to November 1, 1993, the Plan Year of this Plan was a fiscal year which was the 12 consecutive month period ending as of each October 31. Effective as of November 1, 1993, the Plan Year shall mean the 12 consecutive month calendar year period ending every December 31. This was meant only to change the Plan Year from a fiscal year to a calendar year. This created a short Plan Year beginning November 1, 1993, and ending December 31, 1993. Under this Plan, and the short Plan Year created, (a) Continuous Service Credit under Section 2.03 shall not be increased, (b) Credited Service for Future Service under Section 2.04(2) shall not be increased, and (c) the amount of benefits provided for under Article IV in the Plan shall not be increased.

1.13 WORKWEEK

The term “week” shall mean a 40-hour workweek for purposes of determining a participant’s required payment of contribution to the Plan. This would occur where an employee is absent from work without pay or returns or returns to the collective bargaining unit. (Refer to Section 3.02, 3.03 and 3.04)

1.14 “Highly Compensated Employee” means an employee who, during the Plan Year or during the preceding Plan Year is a more than 5% owner of the Authority (applying the constructive ownership rules of Code §318, and applying the principles of Code §318, for an unincorporated entity) or who, during the preceding Plan Year has Compensation in excess of \$80,000 (as adjusted by the Commissioner of Internal Revenue for the relevant year).

For purposes of this Section 1.14, “Compensation” means Average Monthly Earnings as defined in Section 1.11, and must include “elective contributions” (as defined in Section 1.11). The Committee must make the determination of who is a Highly Compensated Employee consistent with Code Section 414(q) and regulations issued under that Code section. The Authority may make a calendar year data election to determine the Highly Compensated Employees for the Plan Year, as prescribed by Treasury regulations or by the other guidance published in the Internal Revenue Bulletin. A calendar year data election must

apply to all plans of the Employer which reference the highly compensated employee definition in Code Section 414(q).

- 1.15 “Leased Employees.” The Plan treats a Leased Employee as an Employee of the Authority solely for discrimination testing purposes. A Leased Employee is an individual (who otherwise is not an employee of the Authority) who, pursuant to a leasing agreement between the Authority and any other person, has performed services for the Authority (or for the Authority and any persons related to the Authority within the meaning of Code Section 144(a)(3)) on a substantially full time basis for at least one year and who performs such services under primary direction or control of the Authority. If a Leased Employee is treated as an employee by reason of this Section 1.15 of the Plan, “Average Monthly Earnings” includes Compensation from the leasing organization which is attributable to services performed for the Authority.

ARTICLE II: IMPLEMENTATION IN THE PLAN

2.01 COMPLIANCE WITH INTERNAL REVENUE SERVICE REQUIREMENTS

The Plan is herein set forth, and as it may be amended, is intended to continue to qualify under Section 401(a) of the Internal Revenue Code of 1986 (“Code”), as now in effect or as hereafter amended, as applicable to a “Governmental Plan,” as that term is defined in Section 414(d) of the Code.

2.02 ACTION TO REMAIN IN COMPLIANCE

Notwithstanding any other provision of this instrument, the Authority and the Union agree to make any amendments to the Plan which may be necessary to obtain or retain such approval of the Commissioner of Internal Revenue.

2.03 CONTINUOUS SERVICE

The term “Continuous Service” means uninterrupted employment with the Authority, or any predecessor.

Employment shall be deemed to be interrupted and Continuous Service broken, for purposes of this Plan, by the occurrence of any of the following:

- (1) The employee voluntarily terminating employment with the Authority.
- (2) A discharge from employment.
- (3) A layoff under the terms of the Labor Agreement, in effect at the time, if the nature or duration of such action results in permanent loss of seniority rights.
- (4) Continued absence for any reason which results in permanent loss of seniority rights.

Continuous Service shall not be considered interrupted by absence because of illness, injury or approved leave of absence, unless one or more such conditions results in the occurrence of one of the events specified in any of the subparagraphs, (1) through (4), of the first paragraph of this Section 2.03.

Continuous Service shall not be considered interrupted if any employee is on leave of absence to hold office in or to perform duties for the Union, either Local or International or appointed to fill any office affiliated with the AFL-CIO Local or International, Greater KC Labor Council or Missouri State Labor Council.

Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Code Section 414(u).

2.04 CREDITED SERVICE

- (1) Past Service
Credited Service for Past Service for any participant shall mean all years of Continuous Service with the Authority, or any predecessor, prior to November 1, 1971.

(2) Future Service

Credited Service for Future Service for any participant shall be accrued beginning with the first of the month coinciding with, or next following date of his commencement of permanent employment, or November 1, 1971, whichever is later, and ending with the date of actual or disability retirement, whichever is earliest.

Credited Service for Future Service shall accrued for each week (1/52nd of a year ending December 31) in which a participant:

- (a) receives wages from the Authority, or
- (b) receives a weekly indemnity allowance as provided for under the then applicable Labor Agreement, or
- (c) is absent on a leave of absence granted by the Authority because of sickness, injury, or any other authorized leave of absence in accordance with the provisions of the then applicable Labor Agreement, or
- (d) is on leave of absence as provided in and subject to Sections 3.02 and 3.03 of this Plan.

ARTICLE III: CONTRIBUTIONS

3.01 CONTRIBUTION RATES

(1) Authority Contributions

The Authority will make a contribution to the Trustee of the Trust Fund for each participant for each week in which Credited Service for Future Service accrues as provided in paragraph (2) of Section 2.04 of this Plan. Notwithstanding the foregoing, however, the Authority will make contributions to the Trust Fund at a rate determined in accordance with the then applicable Labor Agreement. For purposes of this section, each paid holiday, as well as days of paid vacation, shall be

counted in computing weeks for which contributions are payable. Contributions were made by the Authority commencing as of the week beginning June 4, 1972.

The Authority will make contributions to the Trust Fund on account of each Office-Clerical Seniority Unit part-time employee who opts to participate, in an amount which shall be equal to fifty percent (50%) of the amount of contributions which the Authority makes for any other permanent employee.

(2) Participant Contributions

Effective September 1, 1992, each participant will contribute three percent (3%) of his gross W-2 earnings less allowances (or such other amount subsequently provided for in the then applicable Labor Agreement) as his contributions to the Plan for each week in which such participant:

- (a) receives wages from the Authority. The Authority shall deduct such contributions from the pay of each such participant. The Authority shall transmit such participant contributions to the Trustee of the Trust Fund within ten (10) days following the close of each month;
- (b) receives a weekly indemnity allowance as provided for under the then applicable Labor Agreement;
- (c) is absent on a leave of absence granted by the Authority because of sickness, injury or any other authorized leave of absence in accordance with the provisions of the then applicable Labor Agreement;
- (d) is on leave of absence as provided in and subject to Sections 3.02 and 3.03 of this Plan.
- (e) Notwithstanding the above provisions of this Section 3.01(2), each Office-Clerical Seniority Unit part-time employee who opts to

participate, will contribute an amount equal to fifty percent (50%) of the amount of contributions made by any other permanent employee.

After December 31, 1995, contributions made by participants shall be picked up and paid by the Authority as provided in Section 414(h) of the Code with the participant's gross income being reduced by the amount of the participant contributions picked up by the Authority.

For purposes of the Plan, the participant's contribution picked up by the Authority under this Section 3.01 shall be allocated to the Trust Fund in the same manner as if it had been paid directly to the Plan by the participant.

3.02 LEAVE OF ABSENCE WITH THE UNION OR THE UNION'S INTERNATIONAL OFFICE

During any period in which a participant is on leave of absence to hold office in or perform duties for either the Union, either Local or International or appointed to fill any office affiliated with the AFL-CIO Local or International, Greater KC Labor Council or Missouri State Labor Council, such participant shall continue to accrue Credited Service as provided in Section 2.04.

During any such period, the Authority will make contributions to the Trustee of the Trust Fund on such participant's account as provided in Section 3.01. Each such participant will contribute the amount determined in accordance with the then applicable Labor Agreement, for each week worked for the Union or the International Office, as the case may be. The Union or the International Office, as the case may be, shall transmit such participant contributions to the Trustee of the Trust Fund.

3.03 RETURN OF PARTICIPANT TO BARGAINING UNIT

- (1) In the event that any participant shall be promoted by the Authority to employment outside the Union's bargaining unit and is later returned to employment

within the Union's bargaining unit, such a participant must retroactively accrue Credited Service for Future Service as provided in this Section 3.03.

- (2) A participant shall pay to the Authority for transmittal to the Trustee an amount equal to the amount determined in accordance with the then applicable Labor Agreement, for each week worked outside the bargaining unit by the participant, plus an amount specified to the participant by the Pension Committee which shall equal five percent (5%) (compounded annually), on the employee's return to work date. Interest will be computed from the date the lump sum payment was made to the employee until the date the employee returns to work. The aggregate amount shall be payable by the participant in equal monthly installments over a period of time not to exceed three (3) years, or over such other period of time as may be determined by the Pension Committee. The same period for payment shall be extended to the Authority as to Authority contributions on account of such participant. This provision is effective as of May 17, 2000.

3.04 PAYMENT OF PARTICIPANT CONTRIBUTIONS UPON RETURN TO WORK

This Section 3.04 applies to each participant who returns to work after such a participant:

- (a) has been receiving a weekly indemnity allowance as provided for under the then applicable Labor Agreement, or,
- (b) has been absent on a leave of absence granted by the Authority because of sickness, injury, or any other authorized leave of absence in accordance with the provisions of the then applicable Labor Agreement.

Such a participant shall pay to the Authority, for transmittal to the Trustee, an amount equal to the amount determined in accordance with the then applicable Labor Agreement, for each

week such participant was absent from work, plus an amount specified to the participant by the Pension Committee which shall equal five percent (5%) (compounded annually), on the employee's return to work date. The aggregate amount shall be payable by the participant in equal monthly installments over a period of time not to exceed three (3) years, or over such other period of time as may be determined by the Pension Committee. This provision is effective as of May 17, 2000.

3.05 RECORDS

The Authority shall keep all records, compile all data, receive all applications for pension, and submit such applications to the Pension Committee. The Pension Committee shall have the right at all times to call for additional information concerning any or all applications forwarded to the Pension Committee and to examine all records or data pertaining to the Plan. These records shall be open to inspection by the members of the Pension Committee in the headquarters office of the Authority, during normal working hours when that office is open.

ARTICLE IV: BENEFITS

4.01 RETIREMENT DATES AND REQUIREMENTS

(1) Normal Retirement Date

- (a) For participants first employed by the Authority prior to November 1, 1972, effective January 1, 1996, the normal retirement date shall be the first day of the month coinciding with or next following attainment by a participant of age 62.
- (b) For participants first employed by the Authority on or after November 1, 1972, effective January 1, 1996, the normal retirement date shall be the first day of the month coinciding with or next following attainment by a participant of age 62 and completion of ten (10) years of Continuous Service.

- (c) The normal retirement date shall also include the first day of the month coinciding with or next following attainment by a participant of age sixty (60) and completion of at least thirty (30) years of Continuous Service.

(2) Disability Retirement

A participant who becomes totally and permanently disabled, as substantiated by medical evidence and the other conditions provided in Section 4.03, shall be granted a disability pension if the participant has at least ten (10) years of Continuous Service. If the participant has five (5) years of Continuous Service and the disability is due to an occupational injury or illness, he is also eligible for a disability pension.

(3) Deferred Vested Pension

A participant shall be eligible for a Deferred Vested Pension with respect to amounts contributed to the Plan by the Authority and the participant, provided in Section 4.02(4), if his employment with the Authority is terminated after he has completed ten (10) years or more of Continuous Service. Any forfeitures shall be used to reduce the contribution of the Authority to the Plan.

(4) Early Retirement

Participants who accrue any Credited Service on and after September 1, 1992, shall be eligible for an Early Retirement Pension beginning the first day of the month coinciding with or next following attainment of age fifty-five (55) and completion of fifteen (15) years of Continuous Service.

4.02 AMOUNT OF PENSION

- (1) The monthly pension amount for normal retirement to be paid during the lifetime of the retired employee who retires on or after September 1, 1992, shall be nine-tenths of one percent (.9%) of the participant's Average Monthly Earnings multiplied by his years of Credited Service.

The monthly pension amount for normal retirement to be paid during the lifetime of the retired employee who retires on or after January 1, 1996, shall be one percent (1%) of the participant's Average Monthly Earnings multiplied by his years of Credited Service.

The monthly pension amount for a normal retirement to be paid during the lifetime of the retired employee who retires on or after January 1, 2000, shall be one and 28/100ths of one percent (1.28%) of the participant's Average Monthly Earnings multiplied by his years of Credited Service.

- (2) The monthly pension amount for disability retirement to be paid during the lifetime of the retired employee who becomes totally and permanently disabled on or after September 1, 1992 shall be nine-tenths of one percent (.9%) of the participant's Average Monthly Earnings multiplied by his years of Credited Service.

The monthly pension amount for disability retirement to be paid during the lifetime of the retired employee who becomes totally and permanently disabled on or after January 1, 1996, shall be one percent (1%) of the participant's Average Monthly Earnings multiplied by his years of Credited Service.

The monthly pension amount for disability retirement to be paid during the lifetime of the retired employee who becomes totally and permanently disabled on or after January 1, 2000 shall be one and 28/100ths of one percent (1.28%) of the participant's Average Monthly Earnings multiplied by his years of Credited Service.

- (3) The amounts provided for in Section 4.02(1) and (2) shall be payable as of September 1, 1992, to retired or disabled employees who retired or became disabled after December 1, 1989, provided such amounts will have the effect of increasing such employees' monthly pension.

The amount of the monthly pension payable to employees who retired or became disabled on or before

December 1, 1989, shall be increased by five percent (5%), effective September 1, 1992.

The amount of the monthly pension payable to employees who retired or became disabled on or before December 31, 1999 shall be increased by two percent (2%), effective as of June 1, 2000.

- (4)
 - (a) A participant who meets the requirements for a Deferred Vested Pension shall receive a monthly pension which shall be computed in the same manner as provided in Section 4.02(1), but considering only his Credited Service prior to termination of employment multiplied by the dollar amount specified in Section 4.02(1) of the Plan as of the date of his termination of employment.
 - (b) A participant's Deferred Vested Pension shall commence as of such participant's Normal Retirement Date, but in no event prior to such a participant's filing a proper request for pension payments as provided in Section 5.02 of the Plan.
 - (c) The amount of a participant's Deferred Vested Pension shall be eliminated with respect to withdrawal by the participant of his contributions to the Fund, as provided in Section 6.01(2).
- (5) Notwithstanding the provisions of Sections 4.02(1) and 4.02(2), the monthly pension amount for normal retirement or for disability retirement to be paid during the lifetime of a retired employee who is an Office-Clerical Seniority Unit part-time employee shall be fifty percent (50%) of the amounts provided under Section 4.02(1) or Section 4.02(2), as the case may be, for other permanent employees, with respect to Credited Service for Future Service of such employees while such employees were Office-Clerical Seniority Unit part-time employees.

- (6) A participant who meets the requirements for an Early Retirement Pension shall be eligible to elect a monthly pension computed in the same manner as provided in Section 4.02(1), but actuarially reduced based on the years and completed calendar months by which his Early Retirement Date precedes his Normal Retirement Date. The actuarial reduction factors shall be based on the 1971 Group Annuity Mortality Table and seven and one-half percent (7.5%) interest (based on the actuarial assumption).

4.03 CONDITIONS FOR DISABILITY PENSION

A participant who becomes totally and permanently disabled to the extent that he can no longer perform his regular duties for the Authority or the duties of any classification within the bargaining unit which he could hold according to his seniority and qualifications, shall be granted a disability pension on the term hereinafter specified, provided such participant has been in Continuous Service for ten (10) years or more. A participant with five (5) years of Continuous Service and a disability due to an occupational injury or illness is also eligible.

- (1) An application for a disability pension shall be granted only when the employee meets the requirements as to Continuous Service and total and permanent disablement and is not eligible for both a Federal Primary Retirement Benefit and a pension under this Plan. Application for a disability pension shall be filed on or before the first of the month to be effective on the first of the following month.
- (2) An employee who has been injured on the job will submit to an examination by a licensed doctor designated or approved by the Authority who shall certify whether or not said employee is disabled as hereinbefore defined. In the event that said doctor does not certify that the employee is disabled, the employee has the right to consult a licensed doctor of his own choosing and at his own expense. If the employee's doctor certifies that said employee is disabled, then he shall confer with the doctor designated by the Authority, and if the two doctors agree that the

employee is disabled, the employee shall qualify for a disability pension. However, in the event the doctors cannot agree, they shall designate a third licensed doctor who will examine the employee, and his decision as to whether or not said employee is disabled shall be binding. If the doctors cannot agree on a third licensed doctor, then a request shall be made for a selection of a third doctor by the Jackson County Medical Society. The doctor chosen by the Medical Society will then examine the employee and determine whether or not said employee is disabled as hereinbefore defined. His decision shall be binding on all parties. All expenses incurred in the selection and appointment of a third doctor shall be out of the Trust Fund.

If an employee incurs a disability that is not work-related, the employee must submit two concurring medical opinions that the employee is eligible for pension disability.

- (3) If, after a disability pension has been granted hereunder, the total and permanent disablement upon which it has been based, shall cease to exist, so that the disabled employee is able to engage in his regular work or work within the bargaining unit which he could hold according to his seniority and qualifications, he shall so notify the Authority and shall submit to an examination by a licensed doctor designated or approved by the Authority, if it so requests; and if said doctor certifies after such examination that the employee is able to resume work for the Authority in a job as set forth above, the employee shall resume work for the Authority, with no loss of seniority or Authority service record and the disability pension shall cease as long as such work is made available and the employee is physically able to do same; provided, however, if a question arises concerning the ability of the employee to resume work, the employee shall follow the same procedure as set forth in subparagraph (2) of this Section 4.03. Should the employee refuse to resume work for the Authority in the job classification offered after becoming certified as able to do so, the disability

pension shall cease. An employee receiving a disability pension who becomes gainfully employed shall promptly notify the Pension Committee of such employment.

- (4) Employees approved for disability pension because they can no longer perform their regular duties who request a voluntary transfer to other work and through job abandonments or layoffs can no longer hold a job in the classification to which they are transferred will be permitted to receive a disability pension.
- (5) An employee who is on sick leave and claims total and permanent disability must make application therefor within one year after the commencement of said leave of absence, and any disability determined to exist during the year following a one year leave of absence must be for, or produced by, the same disability which was the cause of the original leave of absence granted preceding the application for a disability pension. Failure to comply with this subparagraph shall cause a forfeiture of all rights to a disability pension.
- (6) Disability arising as a result of illegal use of drugs or intentional self-inflicted injuries shall not be considered as proper grounds for granting a disability pension.

4.04 OPTIONAL FORMS OF PENSION

In lieu of the amount and form of the pension payable to an employee for life on his normal retirement as provided for herein above, the employee may, upon written request before his retirement, elect to have a pension of actuarially equal value payable under one of the following options:

- (1) A pension of a lesser amount shall be payable to the employee for his life, and in the event of his death within the period of ten (10) years after his retirement, the same lesser amount shall be payable for the remainder of such period to a beneficiary designated by him.

- (2) A pension of a lesser amount shall be payable to the employee during his lifetime, and, following his death such lesser amount, one-half (1/2) of such lesser amount or three-fourths (3/4) of such lesser amount, as the employee may specify in his election, shall be payable to his designated joint pensioner for the life of such survivor, provided, however, that the actuarial value of the amount paid to the employee while living is at least equal to one-half of the actuarial value of the total benefits of both the employee and his designated joint pensioner.

If an employee elects this optional form of pension, the monthly pension payable to the employee shall be actuarially reduced so that, should the designated joint pensioner predecease the retiree, the retiree's benefits shall be increased to the amount he would have received had he not elected an optional form of payment.

- (3) An employee who elects an option under subsection (1) or (2) above shall designate the beneficiary or joint pensioner, as the case may be, at the time that he makes application for retirement.
- (4) After the employee's election of an optional form of pension has been filed with the Pension Committee, it cannot be changed or revoked without the approval of the Pension Committee, but the consent of the beneficiary or joint pensioner originally designated by the employee shall not be required in the event of such change or revocation. If either the employee or the beneficiary or joint pensioner designated by him should die before the pension has become effective, then his election of an optional form of allowance shall become void.
- (5) The determination of the lesser amounts payable upon election of an option hereunder shall be made in accordance with the actuarial tables adopted by the Pension Committee.

- (6) An employee who terminates from Continuous Service after December 31, 1999 (June 1, 2000 in the case of a participant who retires) may elect an optional form of pension in the form of a lump sum which shall be in an amount equal to the greater of the employee's contributions to the Plan plus interest thereon or the actuarial equivalent of the present value of such a participant's Deferred Vested Pension, calculated based upon the 1983 Group Annuity Mortality Tables (blended 50% for males, 50% for females) and 7.5 percent interest .
- (7) For distributions made after December 31, 1992, a participant may elect, at the time and in the manner prescribed by the Pension Committee, to have any portion of such participant's eligible rollover distribution paid directly to an eligible retirement plan specified by the participant in a direct rollover designation. For purposes of this Section, a participant includes the participant's surviving spouse and the participant's spouse or former spouse who is an alternate payee under a Qualified Domestic Relations Order.

The following definitions apply to this Section 4.04(7):

- (a) Eligible Rollover Distribution
An eligible rollover distribution is any distribution of all or any portion of the balance of the participant's accrued pension benefit, except an eligible distribution does not include: any distribution which is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the participant or the joint lives (or joint life expectancies) of the participant and the participant's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent required under Code Section 401(a)(9); any hardship distribution and the portion of any

distribution which is not included in gross income.

(b) Eligible Retirement Plan

An eligible retirement plan is an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b), an annuity plan described in Code Section 403(a) or a qualified trust described in Code Section 401(a), which accepts the participant's eligible rollover distribution. However, in the case of an eligible rollover distribution to the surviving spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity.

(c) Direct Rollover

A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

4.05 INCOMPETENCE OR INCAPACITY OF RETIRED EMPLOYEE

If the Pension Committee reasonably believes that any retired employee is legally incapable of giving a valid receipt and discharge for a payment due to him, the Pension Committee may direct the Trustee to make the payment, or any part thereof, to the person or persons who is reasonably believes are caring for or supporting the retired employee, unless it has received due notice of a claim from the duly appointed and acting guardian, conservator or committee of the retired employee. A payment so made will be a complete discharge of the obligations of the Trust Fund, to the extent of and as to that payment, and neither the Pension Committee nor the Trustee shall have any obligations regarding the application of the payment.

4.06 NONASSIGNMENT OF BENEFITS

No participant hereunder shall have the right to assign, alienate, transfer, sell, hypothecate, mortgage, encumber, pledge or anticipate any pension payments or any portion thereof and any

such assignment, alienation, transfer, sale hypothecation, mortgage, encumbrance, pledge or anticipation shall be void and of no effect whatsoever.

So that such pension payments or any portion thereof shall not in any way be subject to legal process, execution, attachment or garnishment or be used for the payment of any claim against the participant, or be subject to the jurisdiction of any bankruptcy court or insolvency proceedings by operation of law or otherwise, the Pension Committee shall have the right to terminate or postpone any pension payments to a participant.

Nothing contained in this Plan prevents the trustee, in accordance with the direction of the Pension Committee, from complying with the provisions of a qualified domestic relations order, as applied to a governmental plan under Code Section 414(p). Nothing in this section gives a participant a right to receive a distribution at a time otherwise not permitted under the Plan nor does it permit the alternate payee to receive a form of payment not otherwise permitted under the Plan.

The Pension Committee has established reasonable procedures to determine the qualified status of a domestic relations order. Upon receiving a domestic relations order, the Pension Committee promptly will notify the participant and any alternate payee named in the order, in writing, of the receipt of the order and the Plan's procedures for determining the qualified status of the order. Within a reasonable period of time after receiving the domestic relations order, the Pension Committee must determine the qualified status of the order and must notify the participant and each alternate payee, in writing, of its determination.

Notwithstanding the foregoing provisions, a participant may give to the Pension Committee written authorization for deduction from benefit payments of amounts for payment of Union dues and assessments, and such deductions may be made in accordance with such authorization and paid over to the Union. No benefit payment shall be made to a participant who has given such authorization until the participant has made a complete financial settlement with the Union for dues or assessments outstanding and the Pension Committee has been so notified by the Union.

4.07 REEMPLOYMENT OF RETIRED EMPLOYEE

The normal pension shall be suspended during any period in which the retired participant returns to active service with the Authority, and, upon termination of his employment at the expiration of such period of service, such retired participant shall be entitled to a pension benefit recomputed on the basis of his Credited Service, including Credited Service for the period of his reemployment, as though such service was Continuous Service, provided that all other terms and conditions for retirement are observed and further provided that such a participant's final pension benefit shall be reduced on an actuarial basis for pension benefits received by the participant prior to the participant's return to active service with the Authority.

4.08 Notwithstanding any other provision of this Plan distribution to a Participant must commence no later than the first day of April following the calendar year in which the later of termination of employment or attainment of age 70 1/2 occurs.

4.09 Distributions, if not made in a lump-sum, may only be made over one of the following periods (or a combination thereof):

- (a) the life of the Participant,
- (b) the life of the Participant and a designated beneficiary,
- (c) a period certain not extending beyond the life expectancy of the Participant, or
- (d) a period certain not extending beyond the joint and last survivor expectancy of the Participant and a designated beneficiary.
- (e) If a Participant's entire interest is to be distributed in other than a lump-sum, then the amount to be distributed each year must be at least an amount equal to the quotient obtained by dividing the Participant's entire interest by the life expectancy of the Participant or joint and last survivor expectancy of the Participant and designated beneficiary. Life expectancy

and joint and last survivor expectancy are computed by use of the return multiples contained in Section 1.72-9 of the Income Tax Regulations. For purposes of this computation, a Participant's life expectancy may be recalculated no more frequently than annually, however, the life expectancy of a nonspouse beneficiary may not be recalculated. If the Participant's spouse is not the designated beneficiary, the method of distribution selected must assure at least 50 percent of the present value of the amount available for distribution is paid within the life expectancy of the Participant.

- 4.10 If the Participant dies after distribution of his or her interest has commenced, the remaining portion of such interest will continue to be distributed at least as rapidly as under the method of distribution being used prior to the Participant's death.
- 4.11 If the Participant dies before distribution of his or her interest commences, the Participant's entire interest will be distributed no later than 5 years after the Participant's death except to the extent that an election is made to receive distribution in accordance with (a) or (b) below:
- (a) if any portion of the Participant's interest is payable to a designated beneficiary, distribution may be made in substantially equal installments over the life or life expectancy of the designated beneficiary commencing no later than 1 year after the Participant's death;
 - (b) If the designated beneficiary is the Participant's surviving spouse, the date distributions are required to begin in accordance with (a) above shall not be earlier than the date on which the Participant would have attained age 70 1/2, and, if the spouse dies before payments begin, subsequent distributions shall be made as if the spouse had been the Participant.

- 4.12 For purposes of Section 4.11 above, payments will be calculated by use of the return multiples specified in Section 1.72-9 of the Treasury Regulations. Life expectancy of a surviving spouse may be recalculated annually; however, in the case of any other designated beneficiary, such life expectancy will be calculated at the time payment first commences without further recalculation.
- 4.13 With respect to distributions under the Plan made for calendar years beginning on or after January 1, 2001, the Plan will apply the minimum distribution requirements of section 401(a)(9) of the Internal Revenue Code in accordance with the regulations under section 401(a)(9) that were proposed in January 2001, notwithstanding any provision of the Plan to the contrary. This amendment shall continue in effect until the end of the last calendar year beginning before the effective date of final regulations under section 401(a)(9) or such other date specified in guidance published by the Internal Revenue Service.

ARTICLE V: ADMINISTRATION

5.01 ADMINISTRATION BY PENSION COMMITTEE

The Pension Committee shall supervise the management and operation of the Plan.

The Pension Committee shall consist of six (6) members. Three (3) members shall be appointed by the Authority and three (3) by the Union. Each party shall have the right at any time to replace any member appointed by it. In the event of a strike or lockout, the Pension Committee shall continue to function and perform its duties as prescribed by this Plan.

The Pension Committee shall have the power:

- (a) To administer the Plan in accordance with its provisions;
- (b) To make and to change from time to time and to enforce such rules and regulations, consistent with the provisions of this Plan, as may be necessary or desirable for the carrying out of its duties, and for the efficient administration of the Plan;

- (c) Finally and conclusively to determine, according to the provisions herein set forth, the eligibility of an employee for retirement under this Plan and, if eligible, his rights hereunder.

The Pension Committee shall select from its membership a Chairman and a Secretary. The Chairman and the Secretary, notwithstanding their official position, shall each be entitled to a vote at all meetings for the Pension Committee. In the event of a tie vote by the Pension Committee, the question or questions in issue shall be submitted to a board of arbitration upon demand of either party. The board of arbitration shall be selected in accordance with the procedure for arbitration as set forth in the Labor Agreement, except that the expenses of any such arbitration shall be borne by the Trust Fund.

The Pension Committee shall hold meetings at such times as it shall determine, but not less than one (1) meeting a month. A majority of the membership, when present, shall constitute a quorum. The members of the Pension Committee appointed by the Authority and those appointed by the Union shall, each as a group, be entitled to an equal vote or votes in the proceedings of the Pension Committee.

The Pension Committee shall make an annual report to the Authority and to the Union, and shall make such other reports of the operation of the Plan as the Pension Committee shall deem necessary. The Pension Committee may, at its discretion, employ an actuary and such agents or attorneys as it may deem desirable for the effective performance of its duties. At least once a year, the Pension Committee shall have an audit made of the funds forwarded to, disbursed by, and held by the Trustee, by a recognized firm of certified public accountants. The Pension Committee shall publish such audit annually.

The Pension Committee shall serve without compensation for service as such. All necessary expenses incurred by the Pension Committee shall be certified by the Pension Committee to and paid by the Trustee out of the Trust Funds held by it. No member of the Pension Committee shall be liable for any action taken or omitted by him in good faith but shall be liable only for any loss or damage due to willful misconduct and then such

liability shall be charged against only the members of the Pension Committee who have individually committed such breach of their duties. Excepting only liability for loss or damage due to willful misconduct, the members of the Pension Committee shall be and are hereby indemnified by the Trust Fund against any and all liability and expenses reasonably incurred in connection with any action to which they may be a party by reason of their membership on the Pension Committee.

All payments of benefits hereunder shall be made by the Trustee and upon and in accordance with the written instructions of the Pension Committee.

5.02 IMPLEMENTATION OF PENSION PAYMENTS

(1) Request for Pension Payment Required

Notwithstanding any provision of the Plan to the contrary, pension payments shall not commence under the Plan until the applicable retirement date and until a proper request for pension payment shall have been filed with the Pension Committee. Each request for a pension payment shall be in writing on a form provided by the Pension Committee for such purposes and shall be filed with the Pension Committee at least sixty (60) days in advance of the first month for which benefits are payable.

(2) Required Information to be Furnished

Each participant shall furnish to the Pension Committee such information as the Pension Committee considers necessary and desirable for the purpose of administering the Plan, and the provisions of the Plan representing any payments hereunder are conditional upon the prompt submission by the participant of such true, full and complete information as the Pension Committee may request pursuant hereto.

5.03 RIGHTS IN THE TRUST FUND

No participant or other person shall have any interest in or any rights to or under the Trust Fund or to any part of the assets thereof, except as and to the extent expressly provided in the Plan.

5.04 PLAN NOT AGREEMENT TO EMPLOY OR TO CONTINUE TO EMPLOY

The establishment and maintenance of the Plan shall not be construed as conferring any legal rights upon any employee or participant to the continuation of his employment with the Authority, nor will the Plan interfere with or otherwise affect the right of the Authority to discharge any employee or participant.

ARTICLE VI: GENERAL PROVISIONS RESPECTING THE PLAN

6.01 REFUNDS OF EMPLOYEE CONTRIBUTIONS

- (1) No employee shall be entitled to borrow against his contributions to the Plan so long as he remains eligible to participate in the Plan.
- (2) Any employee leaving the service of the Authority for any cause other than death, or one which entitles him to a retirement or disability pension under this Plan, shall be entitled upon request to have refunded to him out of the Fund an amount equal to his total contribution to the Fund, with interest thereon computed at five percent (5%) (compounded annually) less any benefits he may have received. This provision is effective as of May 17, 2000.
- (3) If an employee dies before he is entitled to a retirement or a disability pension under this Plan, there shall be paid in a lump sum from the Fund to such beneficiary or beneficiaries as he shall have designated, or if no beneficiary shall have been designated by him, then to his spouse, if living, or if not, equally to his then surviving children, or, if none, to his estate, a sum equal to his total contributions to the Fund, with interest thereon computed at five percent (5%) (compounded annually). If none of the above-described persons survives decedent, no person shall have any right to any payment on account of the death of such decedent, and the amount that would otherwise be paid shall be and constitute a part of the Trust Fund. This provision is effective as of May 17, 2000.

- (4) If an employee dies after he is entitled to a retirement or a disability pension under this Plan, there shall be paid in a lump sum from the Fund to such beneficiary or beneficiaries as he shall have designated, or if no such beneficiary shall have been designated by him, then to his spouse, if living, or, if not, equally to his then surviving children, or, if none, then to his estate, a sum equal to the amount by which the aggregate of his contributions to the Fund together with interest thereon, computed at five percent (5%) (compounded annually), have exceeded the aggregate of all payments that have been made to him under the Plan. If none of the above-described persons survives decedent, no person shall have any right to any payment on account of the death of such decedent, and the amount that would otherwise be paid shall be and constitute a part of the Trust Fund. This provision is effective as of May 17, 2000.
- (5) Any participant may from time to time designate, in writing, any person or persons, contingently or successively, to whom the Trustee may pay the amount specified in Section 6.01(3) or 6.01(4) in the event of a participant's death. The Pension Committee shall prescribe the form for the written designation of beneficiary and, upon the participant's filing of the form with the Pension Committee, the form effectively shall revoke all designations filed prior to that date by the same participant.
- (6) The refund of an employee's contribution to the Fund pursuant to paragraphs (2) and (3) of this Section, shall include any contributions by the participant which are picked up and paid by the Authority as provided in Section 3.01(2) of the Plan.

6.02 AUTHORITY'S CONTRIBUTIONS IRREVOCABLE

The Authority shall have no right, title or interest in the Trust Fund or in any part thereof, and no contributions made thereto shall revert to the Authority. In the event of a permanent discontinuance of contributions by the Authority, the right of every participant to the benefits he has accrued as of the date of

such discontinuance shall become nonforfeitable to the extent that the assets of the Trust Fund are sufficient to provide such benefits.

6.03 AMENDMENT OF THE PLAN

The Authority and the Union may amend or modify this Plan in accordance with the then applicable Labor Agreement, except that no amendment or modification shall:

- (a) Cause the use and diversion of any part of the funds for purposes other than those authorized herein;
- (b) Retroactively deprive anyone of his vested rights.

Subject to the foregoing limitations, any amendment may be made retroactively effective, which, in the judgment of the Authority and the Union, is necessary or advisable so as to qualify the Trust Fund of the Plan for exemption from taxes based on income.

6.04 DURATION

The Plan as set forth herein shall continue in full force and effect until terminated as provided in Section 7.05.

Notwithstanding the foregoing, however, the Plan may be terminated by the Authority and the Union at any time in accordance with the then applicable Labor Agreement. The Plan shall not automatically terminate upon adjudication by any court of competent jurisdiction that the Authority is bankrupt or insolvent, whether such proceedings be voluntary or involuntary. The Plan shall terminate upon the complete dissolution of the Authority without provisions being made by its successor, if any, for the continuation of the Plan.

ARTICLE VII: TRUST FUND AND TRUSTEE

7.01 TRUST FUND

A Trust shall be maintained for the purposes of the Plan and the contributions of the Authority and participants to the Trust shall be invested in accordance with the terms of the Trust Agreement.

The Authority and the Union shall jointly select and appoint a Trustee, and any successor Trustee. If the Authority and the Union cannot agree upon a Trustee or a successor Trustee, the matter shall be submitted to arbitration in the manner provided in the then applicable Labor Agreement. All contributions of the Authority and participants shall be paid to the Trustee.

7.02 OBLIGATIONS OF THE TRUSTEE

The Trustee's obligations, duties and responsibilities are governed solely by the terms of the Trust Agreement establishing the Trustee between the Trustee, the Authority and the Union.

7.03 BENEFITS SUPPORTED ONLY BY TRUST FUND

Any person having any claim under the Plan shall look solely to the assets of the Trust for satisfaction. In no event will the Authority or the Union, or any of their officers, agents or the Trustee of any successor Trustee be liable in their individual capacities to any person whomsoever, except as specifically provided in the Plan or Trust Agreement.

7.04 TRUST FUND APPLICABLE TO PAYMENT OF BENEFITS

The Trust Fund shall be used and applied only in accordance with the provisions of the Plan to provide the benefits thereof, and no part of the corpus or income of the Trust Fund shall be used for, or diverted to, purposes other than for the exclusive benefit of participants and other persons thereunder entitled to benefits except to the extent provided in Section 7.05.

7.05 TERMINATION OF PLAN AND DISTRIBUTION OF FUNDS

- (1) While it is the intent of the parties hereto to maintain the Plan permanently, yet, in the event the Plan is abandoned in the future, the Trustee shall determine the assets of the Trust and shall allocate them pursuant to the priority described in (2) below and certified by the actuary employed by the Pension Committee based on his valuation made as of the date of such abandonment.
- (2) The allocation shall be made in the following order:
 - (a) An amount shall be allocated to each employee equal to his contributions to the date of abandonment less any benefits received under the Plan.
 - (b) From the remaining balance an amount shall be allocated to retired employees and to employees eligible for normal retirement or disability at the date of abandonment, sufficient to provide for the amount of their allowances for already provided under (a).
 - (c) The remaining balance shall be allocated to the active employees in proportion to the excess of the actuarial values of their accrued benefits under the Plan over the amounts allowed under (a).
- (3) The Trustee shall liquidate the funds of the Trust and the amounts allocated in accordance with (2) above shall be apportioned to all such participants in cash, or in the form of insured paid-up annuities, or by transfer to another Trust Fund, or otherwise, as the Pension Committee may direct.

7.06 AVAILABILITY OF PLAN FOR INSPECTION

Informational materials in brief form shall be furnished to each participant to explain the provisions of the Plan. Notwithstanding this, however, a copy of the Plan shall be available for examination by any participants upon request, in

the headquarters office of the Authority, during normal working hours when the office is open.

In the event of any conflict between the information furnished to each participant and the provisions of the Plan, the terms of the Plan shall govern.

ARTICLE VIII: OTHER BENEFIT LIMITATIONS

- 8.01 Notwithstanding any other provisions of this Plan, in no event shall a participant's pension benefit, at any time within a Limitation Year, exceed the lesser of \$90,000 (or, beginning January 1, 1988, such larger dollar amount as the Commissioner of Internal Revenue may prescribe) or one hundred percent (100%) of the Participant's average Compensation for his high three (3) consecutive years of Continuous Service. If a participant has less than ten (10) years of Continuous Service with the Authority, the maximum Annual Benefit shall not exceed the lesser of the stated limitations multiplied by a fraction, the numerator of which is the number of years of Continuous Service with the Authority and the denominator of which is ten (10). Furthermore, in the event a participant's Annual Benefit commences prior to his attaining age sixty-two (62), the Committee shall adjust the \$90,000 (or larger adjusted dollar amount) limitation of this Section 8.01 to the actuarial equivalent of an Annual Benefit equal to such dollar limitation commencing at age sixty-two (62). The actuarial equivalent under the immediately preceding sentence shall not be less than \$75,000 in the event a participant's Annual Benefit commences at or after age fifty-five (55). In the event a participant's Annual Benefit commences prior to age fifty-five (55), the actuarial equivalent shall equal the greater of (i) the actuarial equivalent of a \$75,000 Annual Benefit for age fifty-five (55) or (ii) the actuarial equivalent of a \$90,000 (or larger adjusted dollar amount) Annual Benefit for age sixty-two (62). To determine the actuarial equivalent under this paragraph, the Committee shall use an interest rate assumption as determined under Section 4.02(b).

In the event a participant's Annual Benefit commences after age sixty-five (65), the Committee shall adjust the \$90,000 (or larger adjusted dollar amount) limitation of this Section 8.01 to the

actuarial equivalent of an Annual Benefit equal to such dollar limitation commencing at age sixty-five (65). To determine the actuarial equivalent under this paragraph, the Committee shall use an interest rate assumption as determined under Section 4.02(b).

If the Trustee pays the Participant's benefit in a form other than an Annual Benefit, the benefit paid may not exceed the actuarial equivalent of the maximum Annual Benefit payable as a straight life annuity. To determine the actuarial equivalent under this paragraph, the Committee shall use an interest rate assumption as determined under Section 4.02(b).

Any adjustment to the dollar limitation of this Section 8.01 shall not take effect until the first day of the calendar year for which the Commissioner of Internal Revenue publishes the adjustment. The limitation shall apply to the Limitation Year beginning within the calendar year for which the Commissioner of Internal Revenue makes the adjustment.

8.02 For purposes of this Article VIII, the following terms shall have the following meanings:

- (a) "Annual Benefit" - The participant's retirement benefit attributable to contributions payable in the form of a straight life annuity (with no ancillary benefits).
- (b) "Compensation" - Effective for Plan Years beginning after December 31, 1996, "Compensation" as defined in Section 1.11. The term "Compensation" shall not include:
 - (1) Amounts realized from the exercise of a non-qualified stock option, or when restricted stock (or property) held by an Employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture.
 - (2) Amounts realized from the sale, exchange or other disposition of

stock acquired under a qualified stock option.

- (3) Other amounts which receive special tax benefits, such as premiums for group term life insurance (but only to the extent that the premiums are not includible in the gross income of the Employee).

The provisions of this subparagraph (b) shall apply solely to Section 8.02. For purposes of applying the limitations of Section 8.02, amounts included as Compensation are those actually paid or made available to a Participant within the Limitation Year.

- (c) "Limitation Year" - The Plan Year.

- (d) "Defined Benefit Plan" - A retirement plan which does not provide for individual accounts for Authority contributions. The Committee shall treat all defined benefit plans (whether or not terminated) maintained by the Authority as a single plan.

8.03 NOTICE 2001-37 MODEL AMENDMENT. For limitation years beginning on and after January 1, 2001, for purposes of applying the limitations described in Article VIII of the plan, compensation paid or made available during such limitation years shall include elective amounts that are not includible in the gross income of the employee by reason of section 132(f)(4). This amendment shall also apply to the definition of Compensation for purposes of Section 1.11 of the Plan for Plan Years beginning on and after January 1, 2001.

This instrument signed as of this 15th day of November, 2001.

KANSAS CITY AREA TRANSPORTATION
AUTHORITY

By: Patricia W. Arumens
Title: Chairman

LOCAL 1287, AMALGAMATED TRANSIT
UNION, AFL-CIO

By: Maxim L. Shuckler
Title: President ATU 1287