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SHAKER HEIGHTS CITY SCHOOL DISTRICT
SECTION 403(b) PLAN

Effective January 1, 2009

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INTRODUCTION

This is the Plan document for the Shaker Heights City School District Section 403(b) Plan (the "Plan"). The terms of this Plan document are intended to satisfy the requirements of Section 403(b) of the Internal Revenue Code (the "Code") and Treasury Regulations Section 1.403(b)-1 et seq.

The School District is a political subdivision of the State of Ohio. Thus, the Plan is a governmental plan under Section 414(d) of the Code. Accordingly, the Plan is not subject to the requirements of the law that are enumerated in Code Section 403(b)(12)(A)(i), other than the requirements of Code Section 401(a)(17).

As a governmental plan, the Plan is exempt from all of the requirements of the Employee Retirement Income Security Act of 1974, as amended.

The Plan shall be interpreted and applied, in both form and operation, to comply with the aforementioned laws and regulations that apply to the Plan.

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ARTICLE I
DEFINITIONS

1.1 Definitions

As used herein, unless otherwise required by the context, the following words and phrases shall have the meanings indicated:

Affiliate. The Employer and (a) any member of a controlled group of corporations (as determined under Code Section 414(b)) of which the Employer is a member, (b) any member of a group of trades or businesses under common control (as determined under Code Section 414(c)) with the Employer, (c) any member of an affiliated service group (as determined under Code Section 414(m)) of which the Employer is a member, and (d) any other entity that is required to be aggregated with the Employer pursuant to the provisions of Code Section 414(o).

Annuity Contract. An individual or group annuity contract that satisfies the requirements of Section 4.4, and is made available to Participants in this Plan pursuant to Sections 4.1 and 4.2.

Beneficiary. Any person designated by a Participant, or otherwise entitled, to receive benefits that are or may become payable under the terms of a Plan Contract after the death of such Participant.

Board. The Board of Education of the School District.

Broker Agreement. An agreement between a Broker and the School District that is substantially in the form of the agreement in Appendix C of this Plan and that, in accordance with Section 4.1, is a prerequisite to the Broker being permitted offer Plan Contracts under this Plan.

Code. The Internal Revenue Code of 1986, as amended from time to time. Reference to a section of the Code shall include all Treasury Regulations, rulings and interpretations thereunder, and any comparable section or sections of any future legislation that amends, supplements or supersedes such section.

Compensation. For any Employee, the Employee's cash salary or cash wages, and all other payments of cash compensation that are paid to the Employee by the Employer for services as an Employee, and which are wages within the meaning of Section 3401(a) of the Code, or otherwise are cash payments for which the Employer is required to furnish the Employee a written statement under Section 6041(d) and 6051(a)(3) of the Code. For purposes of this Plan, the term Compensation shall include, without limitation, Compensation that is described in Section 2.3(c) (i) and (ii) of this Plan (i.e., certain types of Compensation paid to an employee after the Employee's severance from employment). Notwithstanding the foregoing, if there are any Employer Contributions made under this Plan that are not elective deferrals (as defined in Treasury Regulation Section 1.403(b)-3), solely for purposes of determining the amount of those Employer Contributions, in no event shall annual Compensation of an Employee taken into account under the Plan for

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any Plan Year exceed the maximum amount permitted under Code Section 401(a)(17) as of the January 1 preceding the Plan Year.

Contributions. Elective Contributions, Employer Contributions and Rollover Contributions.

Custodial Account Contract. An individual or group custodial account agreement that satisfies the requirements of Section 4.3, and is made available to Participants in this Plan pursuant to Sections 4.1 and 4.2.

Effective Date. January 1, 2009.

Elective Contributions. Contributions made to this Plan by the Employer on behalf of a Participant pursuant to a Salary Reduction Agreement, and any such contributions made on behalf of an Employee prior to January 1, 2009 pursuant to a salary reduction agreement with the Employer under Code Section 403(b).

Eligible Employee. On or after January 1, 2009, all Employees of the Employer shall be Eligible Employees under this Plan.

Employee. Any person who is a common law employee of the Employer; and such term shall not include any person to the extent that person is rendering services as a member of the Board, as an independent contractor, as a leased employee, or otherwise in a capacity that is not as a common law employee of the Employer.

Employer. The School District.

Employer Contributions. The Employer Contributions (if any) made by the Employer to the Plan pursuant to Section 3.4.

Entry Date. Each regular payroll date of the Employer.

Former Participant. A Participant who has ceased to be an active Participant, as provided in Section 2.2.

Includible Compensation. For any Employee (or former Employee), the following amounts that are, or were, paid to the Employee (or former Employee) by the Employer over the latest period of the Employee's (or former Employee's) employment that constitutes the Employee's Most Recent One-Year Period of Service under this Plan (as defined in Section 2.5(g)):

(a) The Employee's wages within the meaning of Section 3401(a) of the Code, and all other payments of compensation paid to the Employee by the Employer for services as an Employee, for which the Employer is required to furnish the Employee a written statement under Section 6041(d) and 6051(a)(3) of the Code, plus

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(b) Any (i) elective deferral (within the meaning of Code Section 402(g)(3)), and (ii) amount which is contributed or deferred by the Employer at the election of the Employee and which is not includible in gross income of the Employee pursuant to Code Sections 125, 132(f)(4) or 457.

Information Sharing Agreement. An agreement between the School District and the Provider of a Prior Contract that is substantially in the form of the agreement attached hereto as Appendix D.

Insurer. Any insurance company licensed to do business in the State of Ohio with which the Employer or an Employee has entered into a Plan Contract for the purposes of providing benefits under the Plan or to invest Contributions under the Plan.

Investment Funds. The various investment options offered by a Provider.

Participant. An Employee who has become a Participant in accordance with the provisions of Section 2.2.

Plan. This Shaker Heights City School District Section 403(b) Plan, as contained herein and as amended from time to time.

Plan Administrator. This term is defined in Section 6.1.

Plan Contract. An Annuity Contract or Custodial Account Contract of a Plan Provider that meets all of the following requirements:

(a) A sample copy of the Contract has been provided to the Plan Administrator in accordance with Section 4.1

(b) The Contract satisfies all of the requirements of Section 4.3 or Section 4.4, as applicable, and any other applicable requirements of Code Section 403(b) and the Treasury Regulations thereunder.

(c) The Contract has been approved as a Plan Contract by the Plan Administrator.

Plan Provider. A Provider that has entered into a Plan Provider Agreement and otherwise satisfied the requirements of Section 4.1, so that Eligible Employees may elect to make Elective Contributions to Plan Contracts of that Provider and Plan Contracts of that Provider may otherwise receive Employer Contributions or Rollover Contributions under the terms of this Plan.

Plan Provider Agreement. An agreement between the School District and a Provider that is substantially in the form of the agreement in Appendix B of this Plan and that, in accordance with Section 4.1, is a prerequisite to the Provider being permitted offer Plan Contracts under this Plan.

Plan Year. The calendar year.

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Prior Contract. An annuity contract or custodial account agreement that hereunder and that :

(a) had contributions paid to such contract pursuant to a salary reduction agreement between an Employee and the Employer prior to January 1, 2009,

(b) was and is intended to be tax-qualified under Code Section 403(b) prior to January 1, 2009, and

(c) is not a Plan Contract.

In addition, the term Prior Contract also shall include any annuity contract or custodial account if an Employee acquired that contract in exchange for a contract that otherwise would be a Prior Contract.

Provider. An insurance company that issues an Annuity Contract or a custodian under a Custodial Account Contract that is a Plan Contract or Prior Contract.

Qualified Broker. A Broker that has entered into a Broker Agreement and otherwise satisfied the requirements of Section 4.1, so that Eligible Employees may elect to make Elective Contributions to Plan Contracts through that Qualified Broker and such Plan Contracts may otherwise receive Employer Contributions or Rollover Contributions under the terms of this Plan.

Rollover Contributions. Contributions made by an Eligible Employee to a Plan Contract pursuant to Section 3.7, and which are described in Code Section 402(c)(4) and paid from another eligible retirement plan, as defined in Code Section 402(c)(8)(B).

Salary Reduction Agreement. An agreement between an Eligible Employee and an Employer which is described in Section 2.3 of the Plan, pursuant to which Elective Contributions are paid to a Plan Contract.

Total and Permanent Disability. The inability of a Participant to engage in any substantially gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. The foregoing definition of Total and Permanent Disability is intended to satisfy the requirements of Section 72(m)(7) of the Code and shall be construed and administered in a manner which will assure satisfaction of such requirements.

1.2 Construction

Where necessary or appropriate to the meaning hereof, the singular shall be deemed to include the plural, the masculine to include the feminine and the feminine to include the masculine.

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ARTICLE II
ELIGIBILITY AND PARTICIPATION

2.1 Eligibility to Participate

An Employee shall be eligible to enter into a Salary Reduction Agreement (and thereby become a Participant) as of any Entry Date following the date on which he or she is or becomes an Eligible Employee.

Notwithstanding the foregoing, an Employee who has an interest in a Prior Contract shall not be an Eligible Employee under this Plan unless and until:

(i) the Eligible Employee has advised the Employer of the existence of that Prior Contract, and

(ii) the Provider of the Prior Contract has entered into an Information Sharing Agreement.

If the Provider of a Prior Contract does not enter into an Information Sharing Agreement, the Employee may become an Eligible Employee under this Plan if the Employee's interest in the Prior Contract is either:

(a) completely distributed to the Employee in a distribution that is permitted under Code Section 403(b), or

(b) transferred to a Plan Contract or to a Prior Contract that is maintained with a Provider that does have an Information Sharing Agreement with the School District.

If an Eligible Employee has a Salary Reduction Agreement in effect on December 31, 2008 that provides for the payment of Elective Contributions to a Contract that is a Plan Contract hereunder on January 1, 2009, that person shall be a Participant in this Plan as of January 1, 2009; and his or her Salary Reduction Agreement shall continue in effect under this Plan unless and until it is amended or terminated in accordance with Section 2.4.

2.2 Participation

(a) If an Eligible Employee elects to participate in the Plan in accordance with Section 2.1, the Eligible Employee shall become a Participant if:

(i) the Employee delivers a completed Salary Reduction Agreement to the Plan Administrator, and

(ii) pursuant to that Salary Reduction Agreement, the Compensation of the Employee, is reduced and Elective Contributions are made under the Plan on his behalf by the Employer to one or more Plan Contracts.

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(b) In addition, an Eligible Employee shall become a Participant under this Plan if an Employer Contribution is paid to a Plan Contract on behalf of the Eligible Employee, or if the Eligible Employee elects to make a Rollover Contribution to a Plan Contract in accordance with Section 3.5, at the time that such Contribution is received under a Plan Contract.

(c) Except as provided below, an Employee who has become a Participant shall continue to be a Participant until the Employee incurs a severance from employment with the Employer or otherwise ceases to be an Eligible Employee; and at that time, the Employee shall become a Former Participant. Notwithstanding the foregoing, to the extent provided in Section 2.3(c) of the Plan, a former Eligible Employee shall be deemed to be continuing as a Participant in the Plan, solely to the extent, and solely for the purpose of, permitting the former Employee to have a Salary Reduction Agreement in effect for certain types of Compensation that may be payable after severance from employment.

(d) A Former Participant who is reemployed as an Eligible Employee shall be eligible to recommence participation in this Plan as of the Entry Date following the date that he or she is employed as an Eligible Employee. To recommence participation in the Plan, the Eligible Employee must enter into a new Salary Reduction Agreement.

2.3 Salary Reduction Agreements

A Salary Reduction Agreement of an Eligible Employee shall be subject to the following rules:

(a) The Salary Reduction Agreement shall be made in writing and provide that on each regular payroll date, the Employer will reduce the Employee's Compensation by a dollar amount that is specified by the Eligible Employee; and that the Employer shall contribute an amount equal to the Eligible Employee's reduction in Compensation on behalf of the Eligible Employee to a Plan Contract designated by the Eligible Employee. Notwithstanding the foregoing, the following limitations and restrictions shall apply with respect to Salary Reduction Agreements:

(i) The amount of an Eligible Employee's Salary Reduction Agreement shall also be subject to any Contribution limitations imposed pursuant to Article III and Appendix A of this Plan.

(ii) If an Eligible Employee receives a hardship distribution under Section 5.5 from a Plan Contract or a Prior Contract, and the Provider of the Plan Contract or a Prior Contract relies upon the provisions of Treasury Regulations Section 1.401(k)-1(d)(3)(iv)(E), so that the hardship withdrawal is therefore deemed necessary to satisfy the immediate and heavy financial need of the Eligible Employee, the Eligible Employee

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shall be prohibited from entering into a Salary Reduction Agreement under this Plan for the period of time specified in Section 5.5 (i.e. six months).

(b) The reduction in an Eligible Employee's Compensation on any payroll date shall only be made after the Employee's Compensation has otherwise been reduced by amounts that are required for federal, state and local taxes, member contributions to a state retirement system, any other amounts required by law (e.g. garnishments), any amounts that are required to pay for an Eligible Employee's election of health coverage under a health care plan of the Employer, and union dues. If, after the deduction of such amounts, the Employee's remaining Compensation is less than the designated dollar amount of salary reduction under this Plan, the Eligible Employee's Salary Reduction Agreement under this Plan shall not be effected and there shall be no carryover to subsequent payroll dates; and the Eligible Employee's Salary Reduction Agreement for future payroll dates shall not be revised or otherwise changed unless the Eligible Employee completes and files a new Salary Reduction Agreement with the Plan Administrator.

(c) A Participant may at any time revoke an existing Salary Reduction Agreement by filing with the Plan Administrator a notice of his or her election to revoke it. An Eligible Employee who has revoked a Salary Reduction Agreement may enter into a new Salary Reduction Agreement in accordance with paragraph (a) above, provided that he or she is an Eligible Employee on the applicable Entry Date.

(d) All Salary Reduction Agreements, and revisions or revocations thereof by Employees, shall be effective on the first payroll date that is at least fifteen (15) days following the date that the new or revised Salary Reduction Agreement, or the notice of revocation of the Salary Reduction agreement, is provided in writing to the Plan Administrator; provided, however, that the Plan Administrator, in his or her sole discretion, may permit less than fifteen (15) days notice to be provided.

(e) Except as provided below, a Salary Reduction Agreement shall be automatically revoked as of the date that a Participant ceases to be an Eligible Employee of the Employer.

(i) Except to the extent that a Participant modifies or revokes his or her Salary Reduction Agreement on or after the date the Participant ceases to be an Eligible Employee of the Employer, a Participant's Salary Reduction Agreement shall continue to apply to a payment of Compensation that meets all of the following requirements:

(A) The payment is for employment as an Eligible Employee prior to the date of his or her severance from employment.

(B) The payment would have been paid to the Employee had his or her employment continued.

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(C) The payment is made by the Employer within 2-1/2 months after the date of the Participant's severance from employment.

(ii) A Participant who has incurred a severance from employment shall be entitled to make a special Salary Reduction Agreement with respect to a payment of Compensation that meets all of the following requirements:

(A) The payment is attributable to unused sick days, vacation days, or similar leave days that the employee would have been able to use had his or her employment continued.

(B) The payment would be made by the Employer directly in cash to the former Eligible Employee within 2-1/2 months after the date of the Participant's severance from employment.

(f) If an Eligible Employee had a Salary Reduction Agreement in effect on December 31, 2008, that person's Salary Reduction Agreement may continue in effect on and after January 1, 2009, pursuant to the provisions of Section 2.1.

2.4 Notice of Plan

On or shortly after a person becomes an Eligible Employee, the Plan Administrator shall provide a written notice to the Employee that is designed to summarize the Plan terms and to inform the Eligible Employee of his or her opportunity to participate in the Plan. That notice shall include the following:

(a) A general explanation of the terms of this Plan that is intended to be understandable for the average Plan Participant.

(b) A statement that the person is an Eligible Employee under this Plan who is entitled to enter into a Salary Reduction Agreement hereunder.

(c) An explanation of the procedures that must be followed in order for an Eligible Employee to elect to make a Salary Reduction Agreement under the Plan.

(d) A list of Plan Providers, and contact information for those Plan Providers.

(e) An explanation of the maximum limits that are imposed by law on the Contributions that are made under this Plan.

The Plan Administrator shall also annually notify all Eligible Employees who are not participating in the Plan that they are eligible to do so.

The Plan Administrator shall also advise all Plan Participants and Eligible Employees of any material amendments to the terms of the Plan.

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ARTICLE III
CONTRIBUTIONS

3.1 Elective Contributions.

If an Eligible Employee enters into a Salary Reduction Agreement (as provided in Section 2.3), the Employer shall make an Elective Contribution to a Plan Contract on behalf of the Eligible Employee, in an amount equal to the reduction in the Employee's Compensation that is made pursuant to the Salary Reduction Agreement.

The payment shall be made to a Plan Contract or Plan Contracts that have been designated by the Participant in accordance with Section 4.2.

3.2 Calendar Year Limit on a Participant's Elective Contributions.

In each calendar year, the Elective Contributions of a Participant shall not exceed the Code Section 402(g) Limit that is in effect for the Participant.

(a) Code Section 402(g) Limit. A Participant's Code Section 402(g) Limit for the calendar year shall be equal to the Basic 402(g) Limit for the calendar year.

(b) Basic 402(g) Limit. The "Basic 402(g) Limit" for a calendar year is the dollar limit that is in effect pursuant to Code Section 402(g)(1) ($15,500 for 2008), as indexed for inflation from time to time pursuant to Code Section 402(g)(4). This Plan does not permit an increase in the Code Section 402(g) Limit pursuant to Code Section 402(g)(7).

For purposes of determining whether a Participant's Code Section 402(g) Limit will be exceeded in any calendar year, the Plan Administrator also shall consider any other "elective deferrals" of the Participant (as defined in Code Section 402(g)(3)) that arise from employment with the Employer and any Affiliates of the Employer.

The total amount of a Participant's Elective Contributions for each calendar year shall also be subject to the limitations provided in Appendix A (the Code Section 415 limits).

If the Plan Administrator determines that the Elective Contributions of a Participant will exceed the Participant's Code Section 402(g) Limit or the limitations of Appendix A (Code Section 415) for any calendar year, except as provided in Section 4.3, the Participant's Salary Reduction Agreement under this Plan shall be temporarily suspended to prevent the Elective Contributions being made on his behalf from exceeding the Code Section 402(g) Limit or the limitations of Appendix A. Any Salary Reduction Agreement so suspended shall be reinstated as of the following January 1.

3.3 Age 50 Participant Contributions.

A Participant is an "Age 50 Participant" for a calendar year if the Participant has attained age 50 prior to that calendar year or will attain age 50 in that calendar year.

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Notwithstanding the provisions of Section 3.2 and Appendix A of this Plan, if the Salary Reduction Agreement of an Age 50 Participant would be suspended under Section 3.2 because of the Section 402(g) Limit and/or the limits under Appendix A of this Plan, the Age 50 Participant shall be permitted to continue to have Elective Contributions made to the Plan beyond the relevant limitations of Code Section 402(g) and/or Appendix A. Such additional Elective Contributions are referred to herein as "Age 50 Participant Contributions".

For each calendar year, the Age 50 Participant Contributions for an Age 50 Participant shall not exceed the Participant's "Age 50 Limitation".

The Age 50 Limitation for a calendar year shall be equal to the "applicable dollar limit" provided in Code Section 414(v)(2)(B) ($5,000 in 2008), adjusted for inflation indexing from time to time as is provided in Code Section 414(v)(2)(C).

Notwithstanding the foregoing, a Participant's Age 50 Limitation for any calendar year shall not exceed the difference, if any, between (a) and (b) below:

(a) 100% of the Participant's Compensation for the calendar year.

(b) The total of:

(i) All of the Participant's Elective Contributions under this Plan, and

(ii) Any other "elective deferrals" of the Participant for the calendar year (as defined in Code Section 414(v)(2)(C)).

In accordance with Treasury Regulations under Code Section 414(v), the other elective deferrals of a Participant that must be considered under clause (b)(ii) above shall include any other "elective deferrals" of a Participant (as defined in Code Section 402(g)(3)) that are made by way of a salary reduction agreement with the Employer or an Affiliate of the Employer. However, elective deferrals made under Code Section 457(b) plans are not counted toward this limit; nor are any amounts that are "picked up" by the Employer or an Affiliate pursuant to Code Section 414(h)(2).

3.4 Employer Contributions

This Plan does not provide for the payment of any Employer Contributions.

3.5 Delivery of Contributions

Each Plan Participant shall direct the Employer to pay all Elective and Employer Contributions that are to be made under this Plan on his or her behalf to either (i) a Plan Contract under this Plan, or (ii) a Qualified Broker who will then transmit such Contributions directly to a Plan Contract that has been designated by the Participant.

In addition, in lieu of making multiple payments of Contributions to the various Plan Contracts and Qualified Brokers that have been designated by the Participants, at the sole discretion of the Board, the Board may arrange for the periodic transmission of Plan Contributions to a broker or other agent selected by the Board, with such broker or agent

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subsequently paying the required Contribution amounts to the Plan Contracts and/or Qualified Brokers selected by the Plan Participants.

The Employer shall cause all Elective Contributions under this Plan to be delivered to the Plan Contract or Qualified Broker selected by the Participant as soon as is practicable; provided, however, that in no event shall Elective Contributions be paid to the designated Plan Providers later than the 15th business day of the month following the month in which the Compensation reduction attributable to such Contributions is effected by the Employer. Employer Contributions shall otherwise be paid to the Plan Contracts or Qualified Brokers at times determined by the Employer.

Notwithstanding anything herein to the contrary, if a Contribution is paid to a Plan Contract by a mistake of fact, upon the Employer's request, the Plan Provider shall return that mistaken Contribution to the Employer.

3.6 Excess Elective Contributions.

If a Participant has Elective Contributions for a calendar year that exceed the limits that apply to the Participant pursuant to the provisions of Sections 3.2 and 3.3 (without regard to any elective deferrals under other plans), the Plan Administrator shall arrange for one or more Plan Providers to repay to the Participant an amount equal to the excess Elective Contributions that such Plan Provider received during the calendar year, adjusted for income or loss attributable to such excess Elective Contributions. Repayment to the Participant shall be made by not later than April 15 of the year following the year of the excess Elective Contributions.

If a Participant had Elective Contributions for a calendar year that are within the limits under Sections 3.2 and 3.3 of this Plan, but otherwise has total elective deferrals (within the meaning of Section 402(g) of the Code) for the calendar year in excess of the limitations on elective deferrals in effect for such calendar year pursuant to Sections 3.2 and 3.3 (*i.e.* because of deferrals under other plans), the Participant may request the Plan Administrator to arrange for a Plan Provider to refund all or part of the amount of his excess deferrals. Such request may be made by filing a written statement with the Plan Administrator within the time limit prescribed by the Plan Administrator after the end of such calendar year, but not later than March 31. The written request shall specify the amount of such excess the Participant claims as allocable to the Plan. If the Participant timely files such request, the Plan Administrator shall arrange for the amount of such excess, adjusted for income or loss attributable thereto, to be distributed to the Participant by April 15 of the year following the year of the excess elective deferral.

3.7 Rollover Contributions

An Eligible Employee may elect to make a Rollover Contribution to a Plan Contract or to a Prior Contract that has an Information Sharing Agreement. All Rollover Contributions are subject to the approval of the Provider. To make a Rollover Contribution, in accordance with procedures established by the Provider, the Employee must deliver, or cause to be delivered, to the Plan Contract or Prior Contract, the cash or other assets that constitute such Rollover Contribution.

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A Rollover Contribution made pursuant to this Section shall not be deemed to be a Contribution of such Employee (or the Employer) for any purpose of the Plan and shall be fully vested in the Employee at all times.

Notwithstanding anything to the contrary in the Plan, an Employee who makes a Rollover Contribution under this Plan shall not be eligible to enter into a Salary Reduction Agreement under the Plan, unless and until he meets the requirements of Section 2.1.

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ARTICLE IV
FUNDING AND PLAN CONTRACT REQUIREMENTS

4.1 Plan Providers and Qualified Brokers

In order for an insurance company or custodian to become a Plan Provider, the following requirements must be met;

(a) A minimum number of Employees must file a request with the Plan Administrator to have the insurance company or custodian become a Plan Provider. The number of Employees who must file such a request is equal to the greater of:

(i) Five (5) employees

(ii) One percent (1%) of the total number of full-time Employees of the Employer, but not in excess of 6 Employees.

(b) Any custodial account or annuity contract that will be offered by the Provider must satisfy the all of the requirements of Section 4.3 or Section 4.4 of this Plan, as applicable, to become a Plan Contract hereunder; and sample contracts must be provided to the Plan Administrator.

(c) The insurance company or custodian must execute a Plan Provider Agreement that is substantially in the form of the agreement in Appendix B of this Plan.

In order for a broker to become a Qualified Broker under this Plan, the following requirements must be met:

(a) A minimum number of Employees must file a request with the Plan Administrator to have the broker become a Qualified Broker under this Plan. The number of Employees who must file such a request is equal to the greater of:

(i) Five (5) Employees, or

(ii) One percent (1%) of the total number of full-time Employees of the Employer, but not in excess of 6 Employees.

(b) The broker must make available to Eligible Employees only custodial accounts or annuity contracts that (i) satisfy the all of the requirements of Section 4.3 or Section 4.4 of this Plan, as applicable, to become a Plan Contract hereunder; and the broker shall provide sample contracts to the Plan Administrator.

(c) The broker must execute an agreement with the Board that is substantially in the form of the Broker Agreement described in Appendix C of this Plan.

(d) Any insurance company or custodian who will become a Plan Provider hereunder and thereby receive Contributions under a Plan Contract through the broker, must

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execute a Plan Provider Agreement that is substantially in the form of the agreement described in Appendix B of this Plan.

4.2 Participant Selection of Plan Contracts for Contributions

Each Participant shall enter into one or more individual Plan Contracts with one or more Plan Providers, under which the Contributions will be held, invested and applied to provide benefits to the Participant and his or her beneficiaries.

In addition, at the sole election of the Board, the Board may enter into one or more Plan Contracts that are group contracts with Plan Providers, under which a Participant may direct that Contributions made on his or her behalf will be held, invested and applied to provide the benefits to the Participant and his or her beneficiaries.

Once the Plan Contributions are paid to a Plan Contract, a Participant shall be solely responsible for selecting the investment fund or funds to which the Contributions are to be deposited; and Participants shall likewise be solely responsible for making all decisions under the Plan Contracts and Prior Contracts in regard to investment matters, such as elections to purchase guaranteed annuities.

The terms of the Plan Contracts and Prior Contracts shall be considered part of this Plan. However, if a Plan Contract or Prior Contract is an individual contract between the Participant and the Plan Provider, that Contract shall cease to be a part of this Plan when the Participant incurs a severance from employment with the Employer. After a severance from employment with the Employer, the Participant and the Plan Provider shall be solely responsible for the maintenance of the contract and its compliance with the requirements of Code Section 403(b) and all other provisions of applicable law. If a Former Participant who had an individual Plan Contract is reemployed as an Eligible Employee, the Participant may request that the contract be re-approved by the Plan Administrator as a Plan Contract under this Plan. Approval by the Plan Administrator shall be within the sole discretion of the Plan Administrator.

4.3 Required Terms for Custodial Account Contracts.

In order to qualify as a Plan Contract, each Custodial Account Contract must be provided to the Plan Administrator in the form of a sample contract and continually meet all of the following requirements:

(a) The custodial account must be maintained by a bank (as defined in Section 408(n) of the Code) or other person described in Section 401(f)(2) of the Code.

(b) All amounts held in the account must be invested in stock of a regulated investment company (as defined in Section 851(a) of the Code).

(c) The custodial account must provide for commencement of distributions and for distribution methods which comply with the requirements of Section 401(a)(9) of the Code.

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(d) The custodial account must provide that assets held in the custodial account shall be used for the exclusive purposes of (i) providing benefits to the Plan Participant for whom the account is maintained and the beneficiaries of such Participant, and (ii) paying the expenses and charges applicable under the terms of the custodial account.

(e) The custodial account must not permit distributions prior to the time a Participant:

(i) has incurred a severance from employment with the Employer,

(ii) become Totally and Permanently Disabled,

(iii) attained age 59-1/2, or

(iv) with respect to Elective Contributions under this Plan and any other salary reduction contributions paid to the Custodial Account Contract (but not earnings thereon), encounters a financial hardship (determined in accordance with Section 5.5).

(f) The custodial account must limit Elective Contributions thereto and other salary reduction contributions thereto as is required under Section 401(a)(30) of the Code.

(g) The custodial account must provide that amounts payable from the account shall be entitled to be directly rolled over, to the extent that it would be permissible under the provisions of Section 401(a)(31) of the Code.

(h) The custodial account must not have terms that would permit a Participant's interest under the Custodial Account Contract to be subject to forfeiture. This requirement shall apply solely to the extent required to satisfy the requirements of Code Section 403(b)(1)(C). Accordingly this requirement shall in no way prohibit a Participant's interest under the Custodial Account Contract to be adjusted for investment gains and losses, expense charges, and other charges and fees that apply under the term of the Custodial Account Contract.

(i) The custodial account must satisfy such other requirements as may exist under Sections 403(b)(7) and 401(f)(2) of the Code, and regulations and rulings thereunder, as amended from time to time.

4.4 Required Terms for Annuity Contracts.

In order to qualify as a Plan Contract, each Annuity Contract must be provided to the Plan Administrator in the form of a sample contract and must continually meet all of the following requirements:

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(a) The annuity contract must be issued by an insurer licensed to do business in the State of Ohio or another state.

(b) The annuity contract must be nontransferable.

(c) The annuity contract must provide for commencement of distributions and for distribution methods that comply with the requirements of Section 401(a)(9) of the Code.

(d) The annuity contract must provide that distributions attributable to Elective Contributions under this Plan, and any other contributions made to such Annuity Contract pursuant to a salary reduction agreement, may not be paid prior to the time a Participant:

(i) has incurred a severance from employment with the Employer,

(ii) become Totally and Permanently Disabled,

(iii) attained age 59-1/2, or

(iv) with respect to Elective Contributions under this Plan and any other salary reduction contributions paid to the Annuity Contract, (but not earnings thereon), encounters a financial hardship (determined in accordance with Section 5.5).

(e) The annuity contract must provide that assets held pursuant to the Annuity Contract shall be used for the exclusive purposes of (i) providing benefits to the Plan Participant for whom the Annuity Contract is maintained and the beneficiaries of such Participant, and (ii) paying the expenses and charges applicable under such contract.

(f) The annuity contract must limit Elective Contributions and other salary reduction contributions thereto, as is required under Section 401(a)(30) of the Code.

(g) The annuity contract must provide that amounts payable under the contract shall be entitled to be directly rolled over to the extent that it would be permissible under the provisions of Section 401(a)(31) of the Code.

(h) The annuity contract must not have terms that would permit a Participant's interest under the Annuity Contract to be subject to forfeiture. This requirement shall apply solely to the extent required to satisfy the requirements of Code Section 403(b)(1)(C). Accordingly this requirement shall in no way prohibit a Participant's interest under the Annuity Contract to be adjusted for investment gains and losses, expense charges, and other charges and fees that apply under the term of the Annuity Contract.

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(i) The annuity contract must otherwise satisfy the requirements of Sections 401(f), 401(g) and 403(b) of the Code, and the regulations and ruling thereunder, including the "incidental benefit requirements' of Treasury Regulations Section 1.403(b)-6(g), as amended from time to time.

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ARTICLE V
BENEFITS AND DISTRIBUTIONS

5.1 Plan Benefits

The benefits provided under the Plan with respect to a Participant or beneficiary shall be solely limited to whatever benefits are payable to the Participant and his or her beneficiaries under the Plan Contract or Plan Contracts that hold the Contributions made under the Plan on behalf of the Participant.

A Participant's interest under this Plan shall at all times be 100% vested (*i.e.* it shall be nonforfeitable). Notwithstanding the foregoing, a Participant's interest under a Plan Contract may be adjusted for investment gains and losses, expense charges, and other charges and fees that apply under the term of the Plan Contract.

5.2 Eligibility for Distribution

In accordance with the requirements of Sections 4.3 and 4.4 above, a Participant shall not be entitled to payments under any Plan Contract or Prior Contract prior to the earliest of the following dates:

(a) The date of the Employee's severance from employment with the Employer,

(b) The date that the Participant becomes Totally and Permanently Disabled,

(c) The date the Employee attains age 59-1/2, or

(d) With respect to Elective Contributions and any other salary reduction contribution held under a Plan Contract or Prior Contract, but not earnings thereon, the date that the Participant encounters a financial hardship (determined in accordance with Section 5.5).

All Participants shall be responsible for certifying to the Providers that they are entitled to a distribution in accordance with the foregoing terms of this Plan and the applicable provision of the Plan Contract or Prior Contract. The Providers shall be solely responsible for determining whether a Participant is entitled to a distribution on account of Total and Permanent Disability and financial hardship, and otherwise in accordance with the terms of the Plan Contract or Prior Contract. However, if a distribution is requested on account of severance from employment, the Provider shall contact the Plan Administrator to confirm whether the Participant has incurred a severance from employment; and no such distribution shall be permitted unless the Plan Administrator confirms that the Participant has incurred a severance from employment.

For purposes of this Plan, a determination of whether a Participant has incurred a severance from employment shall be made in accordance with the provisions of Code Section 403(b)(11) and the Treasury Regulations, rulings and other guidance applicable under the Code that define the term "severance from employment."

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Notwithstanding the foregoing, if a Participant makes a Rollover Contribution to a Plan Provider and the Plan Provider separately accounts for the Rollover Contribution and earnings thereon, the Plan Contract or Prior Contract may permit the Participant to receive a distribution from that separate Rollover Contribution account at any time.

Each Employee is required under this Plan to advise the Employer of the existence of all of that Employee's Prior Contracts. An Employee shall be prohibited from entering into a Salary Reduction Agreement under this Plan unless and until the Provider of the Prior Contract enters into an "Information Sharing Agreement" with the Plan Administrator, and limits the availability of distributions under that Prior Contract in accordance with the provisions of this Section 5.2 and the requirements of Code Section 403(b).

5.3 Distributions from Contracts

If a Participant, Former Participant or beneficiary may be entitled to a distribution under a Plan Contract or Prior Contract in accordance with the provisions of Section 5.2, the Participant, Former Participant or Beneficiary must do the following:

(a) To the extent that the Plan Administrator has established policies or procedures that require the notification of the Plan Administrator (or its designee), provide the required notice. Such policies and procedures may specify that the Participant complete an application form or provide other information to the Plan Administrator (or its designee) that is pertinent to assuring that the request for the distribution is permitted under the terms of this Plan, the Provider Contract and Code Section 403(b).

(b) Notify the Provider of the request for the distribution from the Provider and complete any election forms or other forms required by the Provider under the terms of the Plan Contract or Prior Contract.

Notwithstanding the fact that a Participant, Former Participant or beneficiary has satisfied any notice requirements of the Plan Administrator, a Provider shall only be obligated to make distributions to the extent that they are permitted under the terms of its Plan Contract or Prior Contract. Any such determination shall be made by the Provider and the Participant. Neither the Employer, nor the Plan Administrator, shall be obligated to make any determinations of what is required under the terms of a Provider's Plan Contract or Prior Contract.

5.4 Designations of Beneficiary

Designations of Beneficiaries under all Plan Contracts shall be made by Plan Participants solely in accordance with the terms of the Plan Contracts and Prior Contracts. Accordingly, all designations of Beneficiaries must be made on forms provided by the Providers, or otherwise in accordance with procedures established by the Providers; and any disputes regarding the proper Beneficiary or Beneficiaries of a deceased Plan Participant shall be resolved solely by the Provider. Neither the Plan Administrator, nor the Employer, shall in any way be responsible for determinations of or designations of Beneficiaries.

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5.5 Hardship Withdrawals of Elective Contributions

Plan Contracts and Prior Contracts may contain provisions that will allow a Plan Participant to elect to receive a distribution on account of hardship, subject to the requirements of this Section.

The Plan Contract or Prior Contract shall be designed to permit hardship withdrawals by Participants only if the following requirements are met:

(a) The Plan Contract or Prior Contract separately accounts for the Elective Contributions made under this Plan and any other elective contributions held under that Plan Contract or Prior Contract.

(b) The withdrawal amount is limited to the amount of a Participant's Elective Contributions and any other elective deferrals, unless a higher amount would be permitted under Treasury Regulation Section 1.403(b)-6(d)(1)(ii) because the Participant had elective deferrals under that Plan Contract prior to January 1, 1989.

(c) The withdrawal is otherwise permitted under the applicable requirements of Code Section 403(b) and Treasury Regulations Section 1.403(b)-6 (which incorporate by reference the requirements of Treasury Regulation Section 1.401(k)-1(d)(3)).

To the extent that the Plan Administrator has established policies or procedures that require the notification of the Plan Administrator (or its designee) of a Participant's desire to receive a hardship distribution, the Participant shall provide the required notice. Such policies and procedures may specify that the Participant complete an application form or provide other information to the Plan Administrator (or its designee) that is pertinent to assuring that the request for the distribution is permitted under the terms of this Plan, the Provider Contract or Prior Contract and Code Section 403(b).

Following any required notice to the Plan Administrator, a Participant must make a request for a hardship withdrawal directly with the Provider; and a Participant shall be required to complete any application forms of the Providers, and to otherwise comply with any withdrawal procedures established by the Providers.

Notwithstanding the fact that a Participant, Former Participant or beneficiary has satisfied any notice requirements of the Plan Administrator, a Provider shall only be obligated to make hardship distributions to the extent that they are permitted under the terms of its Plan Contract or Prior Contract. Any such determination shall be made by the Provider and the Participant. Neither the Employer, nor the Plan Administrator, shall be obligated to make a final determination of what is required under the terms of a Provider's Plan Contract or Prior Contract.

The Provider is required to promptly notify the Plan Administrator if a Participant receives a hardship withdrawal from a Plan Contract or Prior Contract. If an Eligible Employee receives a hardship distribution from a Plan Contract or a Prior Contract, and the Provider of the Plan Contract or a Prior Contract relies upon the provisions of Treasury Regulations Section

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1.401(k)-1(d)(3)(iv)(E), so that the hardship withdrawal is therefore deemed necessary to satisfy the immediate and heavy financial need of the Eligible Employee, the Eligible Employee shall be prohibited from entering into a Salary Reduction Agreement under this Plan for six months following the date of the hardship withdrawal. In addition, the Eligible Employee shall not be permitted to otherwise make any elective deferrals made under any other deferred compensation plan of the Employer (including a Code Section 457(b) Plan).

5.6 Plan Contract Loans

Plan Contracts and Prior Contracts may contain provisions that will allow a Plan Participant to elect to receive a loan from the Contract, subject to the requirements of this Section.

Plan Contracts and Prior Contracts shall be designed to permit loans by Participants only to the extent that such loans would, at the time of the loan, not be considered a distribution under the Plan Contract or Prior Contract, pursuant to the applicable provisions of Code Section 403(b) and Treasury Regulations Sections 1.403(b)-6 and 1.403(b)-7 (which incorporate by reference the requirements of Code Section 72(p) and Treasury Regulation Section 1.72(p)-1).

In addition, to comply with the foregoing requirements of the law, the Plan Contract or Prior Contract must provide for coordination of all of a Participant's loans that are in existence under all Plan Contracts and Prior Contracts that are part of this Plan. Accordingly, the Plan Contract or Prior Contract must provide that in determining the maximum amount of a loan that is permitted under the terms of this Plan and Section 72(p) of the Code, at the time the loan is made, the principal amount of the loan, when added to all other outstanding loans of the Participant under other Plan Contracts and Prior Contracts, shall not exceed the lesser of (a) or (b) below:

(a) $50,000, *reduced by* the excess (if any) of (i) minus (ii):

  (i) The employee's highest outstanding loan balance during the 12 months ending on the day before the date such new loan is secured, *minus*

  (ii) the remaining outstanding loan balance on any other outstanding loans.

(b) The *greater* of

  (i) one-half of the current value of the employee's account under the Section 403(b) contract Plan, or

  (ii) $10,000.

To the extent that the Plan Administrator has established policies or procedures that require the notification of the Plan Administrator (or its designee) of a Participant's desire to receive a loan, the Participant shall provide the required notice. Such policies and procedures may specify that the Participant complete an application form or provide other information to the Plan Administrator (or its designee) that is pertinent to assuring that the request for the loan is

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permitted under the terms of this Plan, the Provider Contract or Prior Contract and Code Section 403(b).

Following any required notice to the Plan Administrator, a Participant must make a request for a loan directly with the Provider. Participants shall be required to complete application forms provided by the Providers, and to otherwise agree to execute repayment notes and to comply with other procedures that are established and maintained solely by the Providers. Providers are required to contact the Plan Administrator to acquire information about a Participant's loans under other Plan Contracts and Prior Contracts.

Notwithstanding the fact that a Participant, Former Participant or beneficiary has satisfied any notice requirements of the Plan Administrator, a Provider shall only be obligated to make loans to the extent that they are permitted under the terms of its Plan Contract or Prior Contract. Any such determination shall be made by the Provider and the Participant. Neither the Employer, nor the Plan Administrator, shall be obligated to make a final determination of what is required under the terms of a Provider's Plan Contract or Prior Contract; provided, however, that the Plan Administrator shall (i) provide information to a Provider regarding the existence of other Plan Contracts and Prior Contracts, and (ii) effect payroll deductions from a Participant's Compensation to make repayment of a loan.

The Provider shall be solely responsible for taking any steps to secure repayment of any loan granted hereunder in accordance with its terms; and if a loan to a Participant becomes in default, the Provider shall be solely responsible for reporting the outstanding balance of the loan, together with unpaid, accrued interest, as a taxable distribution from the Plan Contract or Prior Contract.

5.7 Contract Exchanges

A Plan Contract or Prior Contract may contain provisions that will allow a Plan Participant to elect to exchange or transfer all or a portion of his or her interest in that contract to either (i) another Plan Contract, or (ii) a Prior Contract that has a Provider that has entered into an Information Sharing Agreement. Prior to the time an Employee has a severance from employment, no exchange or transfer is permitted to be made to a contract that is not a Plan Contract or Prior Contract that has an Information Sharing Agreement.

Contract exchanges may be made by Participants at any time. However, a Plan Contract or Prior Contract may only permit such a transfer or exchange if all of the following requirements are met:

(a) The distribution rights under the transferee Plan Contract or Prior Contract are no less stringent than the distribution rights that existed under the transferor Plan Contract or Prior Contract. Accordingly, for example, if the transfer is being made from a Custodial Account Contract to an Annuity Contract, all of the amounts transferred from the Custodial Account Contract must remain subject to the distribution restrictions that apply with respect to the Custodial Account Contract under Code Section 403(b) and Treasury Regulation Section 1.403(b)-6.

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(b) The Participant's "accumulated benefit" under the transferee Plan Contract or Prior Contract may not be less than the Participant's "accumulated benefit" under the transferor Plan Contract or Prior Contract. For this purpose, the term accumulated benefit shall have the meaning ascribed thereto under Treasury Regulations Section 1.403(b)-2.

After an Employee has a severance from employment, the employee may arrange with the Plan Provider for an exchange or transfer from a Plan Contract or Prior Contract to another Section 403(b) contract that is not a Plan Contract or Prior Contract if the requirements of Treasury Regulations Section 1.403(b)-10(b)(3) are satisfied. The Employee and Plan Provider shall be solely responsible for determining that the foregoing requirements of the law have been met in regard to any such transfer or exchange.

To the extent that the Plan Administrator has established policies or procedures that require the notification of the Plan Administrator (or its designee) of a Participant's desire to make a contract transfer or exchange, the Participant shall provide the required notice. Such policies and procedures may specify that the Participant complete an application form or provide other information to the Plan Administrator (or its designee) that is pertinent to assuring that the request for a Contract exchange is permitted under the terms of this Plan, the Provider Contract or Prior Contract and Code Section 403(b).

Notwithstanding the fact that a Participant, Former Participant or beneficiary has satisfied any notice requirements of the Plan Administrator, a Provider shall only be obligated to make a contract transfer or exchange to the extent that it is permitted under the terms of its Plan Contract or Prior Contract. Any such determination shall be made by the Provider and the Participant. Neither the Employer, nor the Plan Administrator, shall be obligated to make a final determination of what is permitted under the terms of a Provider's Plan Contract or Prior Contract; provided, however, that the Plan Administrator shall provide information to a Provider regarding the existence of other Plan Contracts and Prior Contracts.

If an Employee made a transfer or exchange in relation to a Prior Contract for another contract that is not a Plan Contract hereunder on or after January 1, 2009, the Employee shall not be permitted to become a Participant hereunder unless the Provider of the transferee contract has entered into an Information Sharing Agreement.

On or after January 1, 2009, if an Employee makes a transfer or exchange in relation to a Plan Contract or Prior Contract that violates the foregoing provision of this Section, the Employee shall be not be permitted to Participate in this Plan unless and until the Participant has taken all corrective action or actions that, in its sole discretion, have been required by the Plan Administrator. Without limitation, in its sole discretion, the Plan Administrator may require that the Provider of the transferee Contract execute an Information Sharing Agreement or that the Participant make another exchange or transfer to a Plan Contract or to a Prior Contract that has a Provider that has entered into an Information Sharing Agreement.

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5.8 Transfers to Purchase Service Credit

A Plan Contract or Prior Contract may contain provisions that will allow a Plan Participant to elect to exchange or transfer all or a portion of his or her interest in that contract to a qualified governmental defined benefit pension plan (as defined in Code Section 414(d), such as the State Teachers Retirement System or School Employees Retirement System), if either of the following requirements are met:

(a) The transfer is for the purchase of permissive service credit (as defined in Code Section 415(n)(3)(A)); or

(b) The transfer is for a repayment to which Code Section 415 does not apply by reason of Code Section 415(k)(3) (i.e. to repay contributions (plus interest) previously refunded from the plan).

The provisions of this Section shall apply even if the Participant is not eligible for a distribution under Section 5.2. The Provider and the Participant must take reasonable measures to ensure that the intended recipient plan will accept such transferred amounts and that the purpose of the transfer is for one of the reasons provided above.

To the extent that the Plan Administrator has established policies or procedures that require the notification of the Plan Administrator (or its designee) of a Participant's desire to make a contract transfer for the purchase of permissive service credit, the Participant shall provide the required notice. Such policies and procedures may specify that the Participant complete an application form or provide other information to the Plan Administrator (or its designee) that is pertinent to assuring that the transfer for the purchase of permissive service credit is permitted under the terms of this Plan, the Provider Contract or Prior Contract and Code Section 403(b).

Notwithstanding the fact that a Participant, Former Participant or beneficiary has satisfied any notice requirements of the Plan Administrator, a Provider shall only be obligated to make a contract transfer for the purchase of permissive service credit to the extent that it is permitted under the terms of its Plan Contract or Prior Contract. Any such determination shall be made by the Provider and the Participant. Neither the Employer, nor the Plan Administrator, shall be obligated to make a final determination of what is permitted under the terms of a Provider's Plan Contract or Prior Contract.

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ARTICLE VI
PLAN ADMINISTRATION

6.1 Plan Administrator

The Employer shall be the Plan Administrator of this Plan. The Treasurer shall be authorized to perform, on behalf of the Employer, any and all actions required of the Plan Administrator hereunder. The Board may appoint another person or persons to perform such functions, either in lieu of, or in conjunction with the Treasurer's office.

6.2 General Powers of Plan Administrator

The Plan Administrator shall exercise all authority for the administration and operation of the Plan, except to the extent that the Board shall delegate any such authority to others pursuant to written action of the Board.

Specifically, but without limiting the general scope of its authority, the Plan Administrator may establish rules and procedures for the administration of the Plan and shall have the exclusive right to construe and interpret the terms of the Plan (including any such terms as are unclear or ambiguous), and to resolve any questions or disputes arising in the administration and operation of the Plan. Constructions, interpretations and decisions of the Plan Administrator shall be conclusive and binding on all persons. The Plan Administrator shall exercise its authority to construe and interpret the terms of the Plan, and to resolve questions and disputes, so as to preserve the status of the Plan as tax-qualified under Code Section 403(b), to correct any scriveners' errors or omissions in the Plan language, and to assure a reasonable and consistent application of the Plan to all Participants, Former Participants and their beneficiaries.

If, and to the extent, any of the authority of the Plan Administrator referred to in this Section is allocated to a Provider or to another person, references herein to the Plan Administrator with respect to such authority shall be deemed to refer to the Provider or other person to whom such authority has been allocated.

If the School District enters into a contractual agreement with a third party to provide administrative services with respect to the Plan, references herein to the Plan Administrator shall be deemed to include any such third party with whom the contract for administrative services has been made, to the extent provided for in such contract or via communications to Eligible Employees, providers and/or other interested persons.

6.3 Claims Procedure

Requests for information by Plan Participants concerning all aspects of the Plan shall be directed in writing to the Plan Administrator.

Any Employee who believes that Elective Contributions or Employer Contributions have not been made on his behalf as required by the terms of the Plan, or that the Plan has not been administered properly with respect to such Employee, may file with the Plan Administrator a written claim specifying the basis for this claim and the facts upon which he relies in making such claim. The Plan Administrator shall respond in writing to such claim within a reasonable period of

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time. The decision of the Plan Administrator will be final and binding on all affected parties. Notwithstanding the foregoing, if an Employee is covered by the terms of a collective bargaining agreement, the Employee shall make any claim relating to the Plan in accordance with the grievance or other applicable procedures that apply with respect to employee claims arising under the terms of the collective bargaining agreement.

Any Participant or Beneficiary who has a claim relating to the payment of benefits under the terms of a Plan Contract, or his investment directions with respect to a Plan Contract, shall file such claim with the Provider; and such claims shall be reviewed and processed by the Provider in accordance with the terms of the Plan Contract and applicable law.

6.4 No Liability for Acts of the Providers

Providers, Qualified Brokers, and their agents and representatives are not, and shall not be, regarded as the agent or employee of the Employer, the Plan Administrator, the Board, the Treasurer, any Board member individually, or of any other officer, agent or employee of any of the foregoing, or any legal successor of any of the foregoing, or of any combination thereof ("protected persons"). No protected person shall be regarded as, the agents or employees of any Provider, Qualified Broker, or their agents or representatives.

By adopting this Plan, the Board is only attempting to arrange for Elective and Employer Contributions to be paid to Plan Contracts that will be treated as tax deferred income for Plan Participants. The Board and the protected persons are not endorsing, or in any way recommending, the Plan Contracts to Employees as investment vehicles for the Employees, or any Qualified Brokers as investment advisors for the Employees. Nor does the Board or any protected person insure, or in any way guarantee, the payment of any benefits or other amounts from any Plan Contract or Prior Contract, or the timely transmission of Contributions by any Qualified Broker, under any circumstances, including, without limitation, non-payment of any amounts caused by the insolvency, bankruptcy, reorganization or rehabilitation of a Provider or Qualified Broker, or any investment losses of any Participant, Former Participant or beneficiary.

Likewise, the Board and all other protected persons shall not be liable for, or in any way responsible for, any improper acts or omissions of any Provider or Qualified Broker, or any officers or employees of any Provider or Qualified Broker.

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ARTICLE VII
AMENDMENT AND TERMINATION OF THE PLAN

7.1 Amendment of the Plan

This Plan may be amended at any time, or from time to time, in any respect, except as follows:

(a) No amendment shall reduce the benefit of any Participant, Former Participant or beneficiary under any Plan Contract; and

(b) No amendment shall result in, or permit the return or repayment to the Employer of, any portion of the assets held under a Plan Contract, or result in or permit the diversion of, the assets of any Plan Contract to be used for any purposes other than the exclusive benefit of Participants and Former Participants under the Plan and/or their beneficiaries, and the payment of administrative expenses under the Plan Contracts.

An amendment to this Plan may have the effect of requiring a Provider to revise the terms of its Plan Contracts or Prior Contracts as a condition of those contracts continuing to qualify as Plan Contracts or Prior Contracts under this Plan. However, unless otherwise agreed to by a Provider, an amendment to this Plan shall not unilaterally effect an amendment of any Plan Contract or Prior Contract. Notwithstanding the foregoing, the Board shall retain the right to, at any time, revoke the designation of any Plan Contract of any Provider as being a Plan Contract that is available to receive Contributions under this Plan.

7.2 Amendment Procedure

Amendments to the Plan shall be made in writing and adopted in accordance with one of the following procedures:

(a) The written terms of the amendment may be adopted by a resolution of the Board.

(b) The written terms of the amendment may be signed by the Treasurer of the School District.

(c) The basic terms of the amendment may be authorized by a resolution of the Board, with the written terms of the amendment subsequently adopted by a written action signed by the Treasurer of the School District.

7.3 Right of Termination

The Employer expects to continue the Plan indefinitely, but reserves the right to, at any time, terminate the Plan. The termination must be authorized by a resolution of the Board.

In the event of termination of the Plan, except as otherwise provided by action of the Board or an amendment to this Plan, a Participant shall continue to be entitled to distributions

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and payments under the terms of the Plan Contracts and Prior Contracts that are individually owned by the Participant.

With respect to any Plan Contract that are group contracts, by action of the Board or an amendment to this Plan, one or more of the following actions may be taken:

(a) Participants shall continue to be entitled to distributions and payments under the terms of those Plan Contracts.

(b) To the extent that it would be permissible in accordance with the provisions of Section 403(b) of the Code, the Board shall be permitted to direct that distributions and payments be made to the Participants of their entire interests under that Plan Contract.

(c) To the extent that it would be permissible in accordance with the provisions of Section 403(b) of the Code, the Board shall be permitted to direct that transfers be made to one or more other contracts that are intended to satisfy the requirements of Section 403(b) of the Code.

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ARTICLE VIII
MISCELLANEOUS

8.1 Administrative Expenses of the Plan

The Employer shall be solely responsible for payment of its administrative expenses associated with the Plan; provided, however, that except to the extent it would not be prohibited by applicable law, the Board shall be permitted to charge fees to Providers as a condition of offering Plan Contracts to Participants under this Plan and/or fees to Plan Participants.

8.2 Exclusive Benefit

The Employer shall not be entitled to any part of the funds that are held under the Plan Contracts or Prior Contracts on behalf of the Participants, and no such funds shall be used for or diverted to purposes other than for the exclusive benefit of Participants, Former Participants and their beneficiaries hereunder.

8.3 No Right of Employment

The terms of this Plan shall not confer upon any Employee any right of employment. Nor shall any provision of the Plan interfere with the right of the Employer to discharge any Employee.

8.4 Other Salary-Related Plans

If the Employer maintains any other employee benefits plan or otherwise has certain perquisites of employment that are based upon the salary or wages of an Employee, unless the Employer specifies otherwise, such benefits or perquisites of employment shall be determined without regard to the reductions in a Participant's salary or wages that are made under the Plan or any Employer Contributions that are made under this Plan. Notwithstanding the foregoing, the Employer shall withhold member contributions to, and report compensation to, the state retirement systems as required pursuant to applicable law.

8.5 Tax Matters

This Plan and the Plan Contracts hereunder, are intended to meet the requirements of Section 403(b) of the Code, so that the Elective Contributions and Employer Contributions made under this Plan will be treated as deferred compensation for federal income tax purposes.

The Treasurer is hereby authorized to prepare and file with the Internal Revenue Service or other applicable governmental authorities, any forms or other documents that the Treasurer shall determine, in consultation with legal counsel for the Board, are either necessary or desirable to obtain and maintain approval of the Plan as meeting the tax-qualification requirements under Section 403(b) of the Code.

Although the Employer intends that the Plan comply with the requirements of Code Section 403(b), neither the Employer, nor the Board, nor the Plan Administrator guarantee that the Plan will comply with such requirements of the Code; and none of them shall be responsible

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in any way to Participants, Former Participants or their beneficiaries, with respect to the income or employment tax consequences associated with Salary Reduction Agreements made hereunder, or the payments that are made under the Plan Contracts or Prior Contracts. Accordingly, the Employer shall pay and withhold all federal, state and local income, employment and other taxes and file and provide W-2 forms and other forms as it believes it is required to do by law; and all Providers shall be withhold taxes and file such reports of payments with governmental authorities as they believe they are required to do so by law.

8.6 Provisions with Respect to Uniformed Services Employment and Reemployment Rights Act of 1994

Notwithstanding any provision of the Plan to the contrary, this Plan shall be administered so as to comply with the requirements of Chapter 43 of Title 38 of the United States Code (the Uniformed Services Employment and Reemployment Rights Act -- "USERRA").

Accordingly, if an Eligible Employee is absent from employment and reemployed under circumstances that entitle the Eligible Employee to reemployment rights under USERRA, the Plan Administrator shall permit the Eligible Employee to elect to enter into a prospective Salary Reduction Agreement that would provide for the payment of additional Elective Contributions and, if applicable, additional Employer Contributions, to the Plan that are based on the period of the Eligible Employee's military absence.

The amount of any such Elective Contributions and Employer Contributions shall be subject to the restrictions of the Plan that were in effect under Article III and Appendix A for the calendar year or years to which the Plan Administrator determines such Elective Contributions and Employer Contributions to be allocable.

The Plan Administrator shall administer the requirements of this Section in accordance with Section 414(u) of the Code.

8.7 Non-Alienation of Benefits

To the extent permitted under applicable law, no benefits or other amounts payable under any Plan Contract or Prior Contract shall be transferable, assignable or subject to alienation, encumbrance, garnishment, attachment, anticipation, execution or levy of any kind, voluntary or involuntary, prior to the time that actual payment of the benefit is made to the Participant, Former Participant or beneficiary who is entitled thereto.

Notwithstanding the foregoing, in accordance with the provisions of Code Section 414(p), a Participant's benefits or interest under a Plan Contract or Prior Contract may become payable to a spouse, child, former spouse or other dependent of the Participant pursuant to the a state law judgment, decree or order which requires such payment to be made to such person for child support, alimony, or the satisfaction of marital property rights, and otherwise is a "qualified domestic relations order" within the meaning of Code Section 414(p).

The determination of whether a judgment, decree or order meets the requirements of Code Section 414(p) shall be made by the Provider; and no distribution shall be made under a Plan Contract or Prior Contract unless the Provider also determines that it is otherwise required

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by applicable law. Neither the Employer, nor the Plan Administrator shall be responsible for determining whether an order meets the requirements of Code Section 414(p).

8.8 Governing Law

All provisions of the Plan shall be construed according to the laws of the State of Ohio. However, since this Plan is intended to comply with the requirements of Section 403(b) of the Code, this Plan shall be interpreted and applied, in both form and operation, to comply with the requirements of Section 403(b) of the Code whenever possible.

* * *

SHAKER HEIGHTS CITY SCHOOL DISTRICT

By: Bryan C. Christian

Title: Treasurer

Date: 11/5/08

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APPENDIX A
CODE SECTION 415 LIMITATIONS

A.1 Limitation on Contributions

Notwithstanding any other provision of the Plan, for each Limitation Year, Contributions under this Plan (excluding Age 50 Contributions) and all other Annual Additions (if any) with respect to a Participant shall not exceed the lesser of:

(a) $40,000 (indexed for inflation as is provided in Code Section 415(d)), or

(b) 100% of such Participant's Compensation in such Limitation Year.

A.2 Definitions

Definitions used in this Appendix A shall have the same meaning as provided in the Plan, unless otherwise provided herein. For purposes of this Appendix A, the following definitions and rules of interpretation shall apply:

(a) The term **"Affiliate"** shall be modified for purposes of this Appendix A, as required by Code Section 415(h).

(b) The term **"Annual Additions"** shall mean the sum of the following amounts paid on behalf of or credited to the account of a Participant for a Limitation Year:

(i) Elective Contributions and Employer Contributions under this Plan, but excluding Age 50 Contributions;

(ii) forfeitures, if any;

(iii) any after-tax or other contributions made by a Participant to the Plan for such Limitation Year (excluding any rollover contributions);

(iv) the amount, if any, of employer contributions and forfeitures which are credited to the Participant under any other plan that is tax-qualified under Code Section 403(b) maintained by an Employer or an Affiliate concurrently with the Plan;

For purposes of this Appendix A, Annual Additions do not include any rollover contributions as defined in Section 402(c), 403(a)(4), 403(b)(8), 408(d)(3) and 457(e)(16) of the Code.

(c) The term **"Compensation"** shall mean "Includible Compensation" as defined in Article I of this Plan and Section 403(b)(3) of the Code.

(d) The term **"Limitation Year"** shall mean the calendar year or such other 12-month period that is elected by a Participant pursuant to regulations and rulings

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under Section 415 of the Code. Any Employee that changes his Limitation Year shall notify the Employer of such change within 60 days.

A.3 Adjustment to Contributions

In no event shall the Employer make a Contribution to this Plan which would result in an Annual Addition with respect to any Participant in excess of the maximum permissible amount described in Section A.1, based solely on the Contributions under this Plan for the Limitation Year.

If a Participant's aggregate Annual Additions for a Limitation Year exceed the limitations of Section A.1, the Participant's Annual Additions that are Elective Contributions under this Plan shall be treated as excess Annual Additions of such Participant before any Employer Contributions under this Plan are treated as excess Annual Additions. Accordingly, such excess Annual Additions shall be includible in the gross income of the Participant; and subject to the terms of the Plan Contract or other employer plan, the Participant may elect to receive a refund of excess Annual Additions.

No Contribution under this Plan shall be repayable to a Participant unless the Contributions under this Plan, without consideration of other Annual Additions, exceed the limitations of Section A.1; and subject to the terms of the Plan Contracts and the requirements of Section 403(b) of the Code, if the Contributions under this Plan exceed the limitations of Section A.1, upon the request of the Participant, an amount equal to the excess Annual Addition (and earnings thereon) under this Plan shall be repaid to such Participant.

A.4 Application

It is the intent of this Appendix A to set forth a set of benefit and contribution limitation provisions applicable to the Section 403(b) plans maintained by the Employer. If there is any discrepancy between the provisions in this Appendix A and the provisions of Section 415 of the Code, such discrepancy shall be resolved in such a way as to give full effect to the provisions of Section 415 of the Code and regulations issued thereunder, are hereby incorporated by reference.

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APPENDIX B

TAX SHELTERED ANNUITY AND CUSTODIAL ACCOUNT PROVIDER SERVICE AND INDEMNITY AGREEMENT

This Tax Sheltered Annuity and Custodial Account Provider Service and Indemnity Agreement ("Plan Provider Agreement") is being entered into between the Shaker Heights City School District (the "School District") and _____ (the "Provider") in order to enable certain employees of the School District to have contributions made to an annuity contract or custodial account with the Provider under the terms of the School District Section 403(b) Plan.

PREAMBLE

The School District is an educational organization described in Internal Revenue Code ("IRC") Section 403(b)(1)(A)(ii).

IRC Section 403(b) and Treasury Regulations thereunder provide that (i) contributions made by the School District on behalf of its employees (including contributions made pursuant to elective salary reduction agreements) to insurance companies and certain other entities which are to be held under certain annuity contracts or custodial account agreements described therein ("403(b) Contracts") will not be currently treated as gross income for federal income tax purposes, and (ii) such contributions and earnings thereon will not be subject to federal income tax until distributed to the employee or other beneficiary of a 403(b) Contract.

Ohio Revised Code ("ORC") Section 9.90 provides that the Board of Education of the School District may make contributions on behalf of employees to 403(b) Contracts (including contributions made pursuant to a salary reduction agreement).

ORC Section 9.91 provides that, subject to certain restrictions that the Board may impose, employees may require the Board to make contributions to 403(b) Contracts that have been designated by the employee.

ORC Section 9.91 provides that the Board of Education of the School District may require that the provider of a 403(b) Contract enter into a reasonable agreement protecting the Board from any liability attendant to procuring the annuity or custodial account on behalf of its employees.

The Provider offers an annuity contract or contracts or sponsors a custodial account agreement or agreements that are designed to comply with the requirements of IRC Section 403(b) (collectively referred to herein as the "Provider 403(b) Contracts").

Pursuant to salary reduction agreements with, and provider designations made by, employees of the School District, the Board wishes to make contributions under one or more of the Provider 403(b) Contracts. Accordingly, the School District and the Provider wish to execute an agreement protecting the School District and the Board from liability attendant thereto.

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Pursuant to Treasury Regulations under IRC Section 403(b) (the "403(b) Regulations"), effective as of January 1, 2009, the School District has adopted a Section 403(b) Plan, with terms that are intended to satisfy the requirements of IRC Section 403(b) and the Treasury Regulations thereunder (the "School District 403(b) Plan").

Under the terms of the School District 403(b) Plan, an Eligible Employee of the School District is only permitted to make salary reduction contributions to a 403(b) Contract if that Contract has been qualified as a "Plan Contract". One of the requirements for "Plan Contract" status is that the Provider of the 403(b) Contract must enter into this Plan Provider Agreement. In addition, prior to January 1, 2009, employees of the School District may have made salary reduction agreement contributions to one or more Provider 403(b) Contracts ("Pre-2009 Contracts").

IRC Section 403(b) generally requires that amounts held under the 403(b) Contracts be distributed no earlier than certain specified times (e.g. separation from service, hardship, disability, death or age 59-1/2), and that any loans from such contract meet certain requirements of 403(b) Regulations and other applicable law.

* * *

For the foregoing reasons, pursuant to the terms of the School District 403(b) Plan, effective January 1, 2009, the School District and the Provider hereby enter into the following Plan Provider Agreement.

1. The Provider, its employees, agents and representatives shall comply with the terms of the School District 403(b) Plan. Unless otherwise provided herein, capitalized terms used herein shall have the meanings ascribed thereto in the School District 403(b) Plan. The Provider, its employees, its agents and representatives shall comply with rules and procedures established by the Board or the Treasurer of the School District regarding the solicitation of employees during or immediately after working hours on the premises of the School District.

2. In accordance with the terms of the School District 403(b) Plan, an employee of the School District shall be permitted to elect, pursuant to a Salary Reduction Agreement with the School District, to have contributions paid by the School District to Provider 403(b) Contracts and Pre-2009 Contracts that (i) have been qualified as Plan Contracts under the terms of the School District 403(b) Plan ("Provider Plan Contracts"), and (ii) have been selected by the Employee for receipt of such contributions. In accordance with an election of the Employee, or policies and procedures of the Plan Administrator, the contributions to a Provider Plan Contract may be paid through a broker or other intermediary. The School District reserves the right to make additional contributions to a Provider Plan Contract to be held on behalf of the employee, in accordance with the School District Section 403(b) Plan or any other terms, conditions or other criteria determined from time to time by the Board. Subject to applicable law, the Board further reserves the right to at any time discontinue all or any portion of the contributions being made by the Board under one or more of the Provider Plan Contracts with respect to any one or more of its employees, including any contributions being made pursuant to Salary Reduction Agreements with the Board.

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3. Amounts received under a Provider Plan Contract shall be held and administered by the Provider for the benefit of the employee pursuant to the terms of the Provider Plan Contract and the requirements of IRC Section 403(b). The Provider hereby represents that on and after January 1, 2009, all Provider Plan Contracts (i) shall satisfy all of the requirements of the School District Section 403(b) Plan that are necessary for such contracts to qualify as "Plan Contracts", and (ii) shall be maintained in form and operation in compliance with the requirements of IRC Section 403(b) and the Treasury Regulations and rulings thereunder, and all other applicable laws pertaining to the issuance of such contracts (including, without limitation, any federal or state law pertaining to insurance or to the issuance of securities). The Provider shall notify the School District Treasurer within 60 days of receiving any notice from the Internal Revenue Service or any other federal or state governmental authority that any Provider Plan Contract no longer qualifies as a Plan Contract, or does not comply with, or has not been in compliance with, the requirements of any of such laws.

4. The Provider shall provide samples of all Provider Plan Contracts to the Plan Administrator. The Provider shall be solely responsible for administering its Provider Plan Contracts in accordance with the terms of the School District Section 403(b) Plan and applicable law, including, without limitation, confirming with the School District that an employee has incurred a severance from employment, processing and administering all hardship withdrawals (and notifying the Plan Administrator of hardship withdrawals), processing and administering participant loans (including requesting information about an Employee's other outstanding loans under other Plan Contracts and Prior Contracts), and paying minimum distributions in accordance with IRC Section 401(a)(9). In addition, if the School District Section 403(b) Plan or any policies and procedures of the Plan Administrator require that the Participant complete an application form or provide other notice to the Plan Administrator of a Participant's request for a distribution under a Provider Plan Contract, the Provider shall not make any distribution to the Participant until the Participant has confirmed that such notice requirements have been met. At the request of the Provider, the School District shall provide information in its possession which relates to an employee's right to receive a distribution from the Provider Plan Contracts. If the School District is audited by the Internal Revenue Service (the "IRS") or another governmental agency, and the IRS or such governmental agency requests information regarding any contracts of current or former employees of the Board, the Provider shall supply all such information within 60 days of being notified of such request. This provision shall survive termination of this Agreement.

5. Upon the request of an employee of the School District, the Provider or an agent of the Provider will calculate for such employee the maximum amount that may be contributed on behalf of such employee to an annuity or custodial account for any year, pursuant to the provisions of IRC Sections 415, 402(g), 414(v), or other applicable IRC limits (collectively referred to herein as "IRC Limits"). At the request of the Provider, the School District shall provide information in its possession which relates to the calculation of the IRC limits for an employee or former employee of the School District. The Provider shall not accept contributions under a Provider Plan Contract if it knows or, after being requested to calculate the IRC Limits, should know with reasonable diligence, that such contributions will exceed any of the IRC Limits.

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6. The Provider hereby agrees to hold harmless and indemnify the School District, the Board and its members, the District, its officers, agents and employees from any and all claims, demands, damages, losses, liabilities, expenses or causes of action that arise out of, or are attendant to, the School District making contributions on behalf of its employees that are to be held under a Plan Contract, (collectively, "loss occurrences", if such loss occurrences are due to an action of the Provider or its employees that is negligent, performed in bad faith, a knowingly performed misconduct, a failure of its Provider Plan Contracts to meet the requirements of Code Section 403(b), either in form or operation, or any other breach of this Agreement. The Provider at its own cost shall defend any action, suit, proceeding, claim or demand that may be made or brought against the School District, the Board and its members, or any of its officers, agents and employees on any claims or demands in respect to which any of them may be indemnified and held harmless hereunder (based on a reasonable interpretation of the allegations relating thereto), and shall satisfy any judgment that is rendered against any of them with respect to any such action, suit, proceeding, claim or demand. The School District shall notify the Provider promptly upon receipt of any such action, suit, proceeding, claim or demand which it receives. Nothing herein shall restrict the right of the School District to hire at its own expense, its own counsel to defend or participate in the defense of such an action, suit, proceeding, claim or demand.

7. The Provider and its agents or representatives are not, and shall not be, regarded as the agent or employee of the School District or the Board or any of its members, or of any officer, agent or employee of any of the foregoing, or any legal successor of any of the foregoing, or of any combination thereof. Neither the School District, the Board or any of its members, the officers, agents and employees of any of the foregoing, the legal successors of any of the foregoing, nor any combination thereof are, or shall be regarded as, the agents or employees of the Provider or its agents or representatives.

8. This Agreement may be terminated by the School District or the Provider at any time which is designated in writing by the terminating party and which is not more than 30 days after the date of such written notice. Upon such termination, the School District may cease making contributions to the Provider with respect to any or all Provider Plan Contracts; and the Provider may cease accepting additional contributions under any or all Provider Plan Contracts. Unless otherwise advised in writing by the School District, any such notice to the School District shall be sent by first class mail to the following address:

Shaker Heights City School District
Attention: Treasurer
15600 Parkland Drive
Shaker Heights, Ohio 44120

Unless otherwise advised in writing by the Provider, any such notice shall be sent by first class mail to the following address:

_____
_____
_____

9. No alteration or amendment of the terms of this Agreement shall be valid unless made in writing and signed by the parties hereto.

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10. This Agreement shall not confer upon any employee of the School District any right of continued employment with the Board or any other additional right of employment; and shall not confer upon any employee or other beneficiary of a Provider Plan Contract, any right that is in addition to or supplementary to the rights such employee or beneficiary may have with respect to his or her interest under a Provider Plan Contract. In addition, by entering this Agreement, the School District only agrees that employees may elect to have contributions made on their behalf which are to be held under the Provider Plan Contracts and does not endorse or in any way recommend the Provider Plan Contracts to its employees; and does not insure or in any way guarantee the payment of any benefits or other amounts from any Provider Plan Contract under any circumstances, including, without limitation, non-payment of any amounts caused by the insolvency, bankruptcy, reorganization or rehabilitation of the Provider or investment losses of an employee or beneficiary.

11. The invalidity or illegality of any provision of this Agreement shall not affect the legality or validity of any other part of this Agreement.

12. This Agreement shall be construed and enforceable in accordance with the laws of the State of Ohio.

* * *

SHAKER HEIGHTS CITY SCHOOL DISTRICT	**PROVIDER**:_____
By:_____	By:_____
Title:_____	Title:_____
Date:_____	Date:_____

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APPENDIX C

TAX SHELTERED ANNUITY BROKER SERVICE AND INDEMNITY AGREEMENT

This Tax Sheltered Annuity Broker Service and Indemnity Agreement ("Broker Agreement") is being entered into between the Shaker Heights City School District (the "School District") and _____ (the "Broker") in order to enable certain employees of the School District to have contributions made to an annuity contract or custodial account through the Broker to a Plan Contract Provider under the terms of the School District Section 403(b) Plan.

PREAMBLE

The School District is an educational organization described in Internal Revenue Code ("IRC") Section 403(b)(1)(A)(ii).

IRC Section 403(b) and Treasury Regulations thereunder provide that (i) contributions made by the School District on behalf of its employees (including contributions made pursuant to elective salary reduction agreements) to insurance companies and certain other entities which are to be held under certain annuity contracts or custodial account agreements described therein ("403(b) Contracts") will not be currently treated as gross income for federal income tax purposes, and (ii) such contributions and earnings thereon will not be subject to federal income tax until distributed to the employee or other beneficiary of a 403(b) Contract.

Ohio Revised Code ("ORC") Section 9.90 provides that the Board of Education of the School District may make contributions on behalf of employees to 403(b) Contracts (including contributions made pursuant to a salary reduction agreement).

ORC Section 9.91 provides that, subject to certain restrictions that the Board may impose, employees may require the Board to make contributions to 403(b) Contracts that have been designated by the employee. In addition, ORC Section 9.91 permits the employee to designate that such contributions shall be made through a licensed agent or broker.

ORC Section 9.91 provides that the Board of Education of the School District may require that a provider of a 403(b) Contract and a licensed agent or broker enter into a reasonable agreement protecting the Board from any liability attendant to procuring the annuity or custodial account on behalf of its employees.

The Broker offers one or more annuity contract or contracts or custodial account agreement or agreements that are designed to be comply with the requirements of IRC Section 403(b) (collectively referred to herein as the "Broker 403(b) Contracts").

Pursuant to salary reduction agreement with, and provider designations made by, employees of the School District, the Board wishes to make contributions through the Broker to

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one or more of the Broker 403(b) Contracts. Accordingly, the School District and the Broker wish to execute an agreement protecting the School District and the Board from liability attendant thereto.

Pursuant to Treasury Regulations under IRC Section 403(b) (the "403(b) Regulations"), effective as of January 1, 2009, the School District has adopted a Section 403(b) Plan with terms that are intended to satisfy the requirements of IRC Section 403(b) and the Treasury Regulations thereunder (the "School District 403(b) Plan").

Under the terms of the School District 403(b) Plan, an Employee of the School District is only permitted to make salary reduction contributions to a 403(b) Contract if that Contract has been qualified as a "Plan Contract". One of the requirements for "Plan Contract" status is that the Provider of the 403(b) Contract must enter into a Tax Sheltered Annuity and Custodial Account Provider Service and Indemnity Agreement pursuant to the terms of the Plan (a "Plan Provider Agreement") with the School District. In addition, prior to January 1, 2009, employees of the School District may have made salary reduction agreement contributions to one or more Broker 403(b) Contracts ("Pre-2009 Contracts").

Under the terms of the School District 403(b) Plan, and in accordance with ORC Section 9.91, an Employee of the School District is permitted to designate that his her contributions to a Provider Plan Contract be made through a licensed agent or broker.

IRC Section 403(b) generally requires that amounts held under the 403(b) Contracts be distributed no earlier than certain specified times (e.g. separation from service, hardship, disability, death or age 59-1/2), and that any loans from such contract meet certain requirements of 403(b) Regulations and other applicable law.

* * *

For the foregoing reasons, pursuant to the terms of the School District 403(b) Plan, effective January 1, 2009, the School District and the Provider hereby enter into the following Broker Agreement.

1. The Broker, its employees, agents and representatives shall comply with the terms of the School District 403(b) Plan. Unless otherwise provided herein, capitalized terms used herein shall have the meanings ascribed thereto in the School District 403(b) Plan. The Broker, its employees, its agents and representatives shall comply with rules and procedures established by the Board or the Treasurer of the School District regarding the solicitation of employees during or immediately after working hours on the premises of the School District.

2. In accordance with the terms of the School District 403(b) Plan, employees of the School District shall be permitted to elect, pursuant to Salary Reduction Agreements with the School District, to have contributions paid by the School District to the Broker, for subsequent payment to a Broker 403(b) Contract or Pre-2009 Contract that (i) is a "Provider Plan Contract", and (ii) has been selected by the Employee for receipt of such contributions. For this purpose, a "Provider Plan Contract" is a 403(b) Contract offered by the Broker that has satisfied all of the requirements of the School District 403(b) Plan that relate to classification of that contract as a "Plan Contract" thereunder, including the Provider's execution of a Plan Provider Agreement. In

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accordance with policies and procedures of the Plan Administrator, the contributions to the Broker may be paid through another broker or other intermediary. Amounts forwarded to a Provider Plan Contract shall be held and administered by the Provider for the benefit of the employee pursuant to the terms of the Provider Plan Contract and the requirements of IRC Section 403(b). The School District reserves the right to make additional contributions through the Broker to a Provider Plan Contract to be held on behalf of the employee, in accordance with the School District Section 403(b) Plan or any other terms, conditions or other criteria determined from time to time by the Board. Subject to applicable law, the Board further reserves the right to at any time discontinue all or any portion of the contributions being made by the Board through the Broker to one or more of the Provider Plan Contracts with respect to any one or more of its employees, including any contributions being made pursuant to Salary Reduction Agreements with the Board.

3. The Broker hereby represents that on and after January 1, 2009, all Broker 403(b) Contracts (including Pre-2009 Contracts) that are made available to employees (i) shall satisfy all of the requirements of the School District Section 403(b) Plan that are necessary for such contracts to qualify as "Plan Contracts", and (ii) shall be maintained in form and operation in compliance with the requirements of IRC Section 403(b) and the Treasury Regulations and rulings thereunder, and all other applicable laws pertaining to the issuance of such contracts (including, without limitation, any federal or state law pertaining to insurance or to the issuance of securities). The Broker shall notify the School District Treasurer within 60 days of receiving any notice from the Internal Revenue Service or any other federal or state governmental authority that any Provider Plan Contract offered by the Broker no longer qualifies as a Plan Contract, or does not comply with, or has not been in compliance with, the requirements of any of such laws. At the request of the Plan Administrator or the Treasurer, the Broker shall provide copies of (or specimen copies of) all 403(b) Contracts to which contributions are to be paid.

4. In accordance with the terms of the School District Section 403(b) Plan, all Providers of the Provider Plan Contracts shall also be required to execute a Provider Plan Agreement and shall be solely responsible for administering their Plan Contracts in accordance with the terms of the School District Section 403(b) Plan and applicable law, including, without limitation, confirming that an employee has incurred a severance from employment, paying minimum distributions in accordance with IRC Section 401(a)(9), processing and administering all hardship withdrawals (and notifying the Plan Administrator of any hardship withdrawals) and processing and administering participant loans (including requesting information about other outstanding loans under the Plan). At the request of a Provider or the Broker, the School District shall provide information in its possession which relates to an employee's right to receive a distribution from the Provider Plan Contracts. If the School District is audited by the Internal Revenue Service (the "IRS") or another governmental agency, and the IRS or such governmental agency requests information regarding the Provider Plan Contracts of current or former employees of the Board, the Provider or the Broker shall supply all such information within 60 days of being notified of such request. This provision shall survive termination of this Agreement.

5. The Broker hereby represents that it is an insurance broker that is licensed in the State of Ohio to market 403(b) Contracts to employees of the Board. The Broker will advise the

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Board within 14 days of the date that its license to act as a Broker is suspended or revoked; and in such event, the Board may immediately cease to forward contributions to the Broker.

6. Upon the request of an employee of the School District, the Broker or an agent of the Broker will calculate for such employee the maximum amount that may be contributed on behalf of such employee to an annuity or custodial account for any year, pursuant to the provisions of IRC Sections 415, 402(g), 414(v), or other applicable IRC limits (collectively referred to herein as "IRC Limits"). At the request of the Broker, the School District shall provide information in its possession which relates to the calculation of the IRC limits for an employee or former employee of the School District. The Broker shall not accept contributions for payment to a Provider Plan Contract if it knows or, after being requested to calculate the IRC Limits, should know with reasonable diligence, that such contributions will exceed any of the IRC Limits.

7. The Broker and the School District agree that each of them will act with ordinary care and prudence in the performance of their duties under this Agreement and will make good faith efforts to comply with all requirements of applicable law.

8. The Broker hereby agrees to hold harmless and indemnify the School District, the Board and its members, its officers, employees and agents from any and all claims, demands, damages, losses, liabilities, expenses or causes of action (collectively, "loss occurrences") that arise out of, or are attendant to, the Board forwarding to the Broker contributions on behalf of its employees that are to be held under a Provider Plan Contract, if such loss occurrences are due to an action or actions of the Broker or its employees that is negligent, performed in bad faith, a knowingly performed misconduct, a failure of a Provider Plan Contract to meet the requirements of Code Section 403(b), either in form or operation, or any other breach of this Agreement. In addition, the Broker shall be adequately bonded or shall otherwise maintain fiduciary or other liability insurance which shall permit indemnification of the Board for any loss occurrences which arise out of, or are attendant to, theft, fraud or other dishonesty of the Broker, its owners, officers, employees and agents; and shall provide evidence thereof to the Board as the Board or the Treasurer of the School District shall reasonably request from time to time. The Broker shall at its own cost defend any action, suit, proceeding, claim or demand that may be made or brought against the School District, the Board and its members, or any of its officers, agents and employees on any claims or demands in respect to which any of them may be indemnified and held harmless hereunder (based on a reasonable interpretation of the allegations relating thereto), and shall satisfy any judgment that is rendered against any of them with respect to any such action, suit, proceeding, claim or demand. The School District shall notify the Broker promptly upon receipt of notice of any such action, suit or proceeding. Nothing herein shall restrict the right of the School District to hire at its own expense its own counsel to defend or participate in the defense of such an action, suit, proceeding, claim or demand.

9. The Broker and its agents or representatives are not, and shall not be, regarded as the agent or employee of the School District, the Board or any of its members, or of any officer, agent or employee of any of the foregoing, or any legal successor of any of the foregoing, or of any combination thereof. Neither the School District, the Board or any of its members, the officers, agents and employees of any of the foregoing, the legal successors of any of the

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foregoing, nor any combination thereof are, or shall be regarded as, the agents or employees of the Broker or its agents or representatives.

10. This Agreement may be terminated by the Board or the Broker at any time which is designated in writing by the terminating party and which is not more than 30 days after the date of such written notice. Upon such termination, the Board may cease making contributions through the Broker with respect to any or all Provider Plan Contracts; and the Broker may cease accepting additional contributions for payment to any or all Provider Plan Contracts. Unless otherwise advised in writing by the Board, any such notice to the Board shall be sent by first class mail to the following address:

Shaker Heights City School District
Attention: Treasurer
15600 Parkland Drive
Shaker Heights, Ohio 44120

Unless otherwise advised in writing by the Broker, any such notice to the Broker shall be sent by first class mail to the following address:

_____
_____
_____

11. No alteration or amendment of the terms of this Agreement shall be valid unless made in writing and signed by the parties hereto.

12. This Agreement shall not confer upon any employee of the School District any right of continued employment with the School District or any other additional right of employment; and shall not confer upon any employee or other beneficiary of a Provider Plan Contract, any right that is in addition to or supplementary to the rights such employee or beneficiary may have with respect to his or her interest under a Provider Plan Contract. In addition, by entering this Agreement, the School District only agrees that employees may elect to have contributions made on their behalf which are to be held under the Provider Plan Contracts and does not endorse or in any way recommend the Broker or the Provider Plan Contracts to its employees; and does not insure or in any way guarantee the payment of contributions by the Broker to any Provider Plan Contracts, or any benefits or other amounts from any Provider Plan Contract, under any circumstances, including, without limitation, non-payment of any amounts caused by the insolvency, bankruptcy, reorganization or rehabilitation of the Broker or the issuer of a Provider Plan Contract, theft or dishonesty of the Broker, or investment losses of an employee, spouse or beneficiary.

13. The invalidity or illegality of any provision of this Agreement shall not affect the legality or validity of any other part of this Agreement.

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14. This Agreement shall be construed and enforceable in accordance with the laws of the State of Ohio.

* * *

SHAKER HEIGHTS CITY SCHOOL DISTRICT	**BROKER**:_____
By:_____	By:_____
Title:_____	Title:_____
Date:_____	Date:_____

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APPENDIX D

PRIOR CONTRACT INFORMATION SHARING AGREEMENT

This Prior Contract Information Sharing Agreement ("Information Sharing Agreement") is being entered into between the Shaker Heights City School District (the "School District") and _____ (the "Provider") in order to enable certain employees of the School District who have previously established an annuity contract or custodial account with the Provider to continue to participant in the School District Section 403(b) Plan.

PREAMBLE

The School District is an educational organization described in Internal Revenue Code ("IRC") Section 403(b)(1)(A)(ii).

IRC Section 403(b) and Treasury Regulations thereunder provide that (i) contributions made by the School District on behalf of its employees (including contributions made pursuant to elective salary reduction agreements) to insurance companies and certain other entities which are to be held under certain annuity contracts or custodial account agreements described therein ("403(b) Contracts") will not be currently treated as gross income for federal income tax purposes, and (ii) such contributions and earnings thereon will not be subject to federal income tax until distributed to the employee or other beneficiary of a 403(b) Contract.

Prior to January 1, 2009, employees of the School District had contributions made to 403(b) Contracts pursuant to a salary reduction agreements with the School District. In addition, employees of the School District may have transferred all or part of their interests in 403(b) Contracts that had been purchased via such salary reduction contributions with the School District to other 403(b) Contracts. (All of those 403(b) Contract are referred to herein as "Prior Contracts".)

Prior to January 1, 2009, the Provider offered one or more annuity contracts or sponsored one or more custodial account agreements that were designed to comply with the requirements of IRC Section 403(b) ("Provider 403(b) Contracts").

One or more of the Prior Contracts of School District employees are Provider 403(b) Contracts.

Pursuant to Treasury Regulations under IRC Section 403(b) (the "403(b) Regulations"), effective as of January 1, 2009, the School District has adopted a Section 403(b) Plan with terms that are intended to satisfy the requirements of IRC Section 403(b) and the Treasury Regulations thereunder (the "School District 403(b) Plan").

Under the terms of the School District 403(b) Plan, an Employee of the School District is only permitted to make salary reduction contributions to a 403(b) Contract if that Contract has been qualified as a "Plan Contract". One of the requirements for "Plan Contract" status is that

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the Provider of that 403(b) Contract must enter into a Tax Sheltered Annuity and Custodial Account Provider Service and Indemnity Agreement pursuant to the terms of the Plan (a "Plan Provider Agreement") with the School District.

Under the terms of the School District 403(b) Plan, beginning January 1, 2009, an Employee of the School District will be prohibited from making salary reduction contributions to any 403(b) Contract unless, with respect to each of the employee's Prior Contracts, either (i) that Prior Contract has been qualified as a "Plan Contract" under the School District 403(b) Plan, or (ii) the Provider of that Prior Contract has entered into a Prior Contract Information Sharing Agreement with the School District or the Employee has received a distribution of his or her entire interest under the Prior Contract, pursuant to a distribution permitted under IRC Section 403(b).

IRC Section 403(b) generally requires that amounts held under the 403(b) Contracts be distributed no earlier than certain specified times (e.g. separation from service, hardship, disability, death or age 59-1/2), and that any loans from such contract meet certain requirements of 403(b) Regulations and other applicable law.

One or more of the Provider 403(b) Contracts that are Prior Contracts of School District Employees have not become Plan Contracts under the terms of the School District 403(b) Plan.

* * *

For the foregoing reasons, effective January 1, 2009, the School District and the Provider hereby enter into the following Information Sharing Agreement with respect to the Provider 403(b) Contracts that are "Prior Contracts" of School District Employees under the School District 403(b) Plan.

1. The Provider will continue to maintain its Provider 403(b) Contracts that are Prior Contracts in compliance with the requirements of IRC Section 403(b) and the regulations and rulings thereunder.

2. With respect the Provider 403(b) Contracts that are Prior Contracts, the School District and the Provider shall from time to time in the future provide each other with information necessary for the Provider 403(b) Contracts to satisfy the requirements of IRC Section 403(b), in both form and operation. Without limitation, such information shall include information related to the employee's employment, and information that takes into account other 403(b) Contracts that also may have employee salary reduction or employer contributions held under that contract that are attributable to employment with the School District.

3. This Agreement is being entered into to meet the requirements of the Treasury Regulations Section 1.403(b)-1 et seq. and shall be interpreted and construed in accordance therewith. The Provider shall be solely responsible for administering its Provider 403(b) Contracts in accordance with the terms of the contract and applicable law. If the School District is audited by the Internal Revenue Service (the "IRS") or another governmental agency, and the IRS or such governmental agency requests information regarding the Contracts of current or former employees of the School District, the Provider shall supply all such information within 60 days of being notified of such request.

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4. The Provider and its agents or representatives are not, and shall not be, regarded as the agent or employee of the School District, the Board of Education or any of its members, or of any officer, agent or employee of any of the foregoing, or any legal successor of any of the foregoing, or of any combination thereof. Neither the School District, the Board or any of its members, the officers, agents and employees of any of the foregoing, the legal successors of any of the foregoing, nor any combination thereof are, or shall be regarded as, the agents or employees of the Provider or its agents or representatives.

5. Notices under this Agreement shall be sent to the following addresses:

Shaker Heights City School District
Attention: Treasurer
15600 Parkland Drive
Shaker Heights, Ohio 44120

Unless otherwise advised in writing by the Provider, any such notice shall be sent by first class mail to the following address:

_____
_____
_____
_____

5. No alteration or amendment of the terms of this Agreement shall be valid unless made in writing and signed by the parties hereto.

6. The invalidity or illegality of any provision of this Agreement shall not affect the legality or validity of any other part of this Agreement.

7. This Agreement shall be construed and enforceable in accordance with the laws of the State of Ohio.

*** * ***

SHAKER HEIGHTS CITY SCHOOL DISTRICT	**PROVIDER**
By:_____	By:_____
Title:_____	Title:_____
Date:_____	Date:_____

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The Board of Education of the Shaker Heights City School District met in regular session on November 5, 2008, at 8:00 p.m., at Shaker Heights Middle School, Shaker Heights, Ohio, with the following members present:

Mr. Norman A. Bliss Ms. Freda J. Levenson

Mr. Peter A. Robertson Ms. Annette Tucker Sutherland

Mr. F. Drexel Feeling

The Treasurer advised the Board that the notice requirements of Section 121.22 of the Revised Code and the implementing rules adopted by the Board pursuant thereto were complied with for the meeting.

Ms. Levenson moved the adoption of the following resolution:

RESOLUTION NO. 08-11-142

A RESOLUTION
ADOPTING A SECTION 403(B) PLAN AND
APPOINTING THE TREASURER TO ADMINISTER THE PLAN

WHEREAS, Internal Revenue Code ("IRC") Section 403(b) and applicable regulations thereunder provide that (i) contributions made by the Board on behalf of its employees (including contributions made pursuant to salary reduction agreements) to insurance companies and certain other entities which are to be held under certain annuity contracts or custodial account agreements described therein ("403(b) Contracts") will not be currently treated as gross income for federal income tax purposes, and (ii) such contributions and earnings thereon will not be subject to federal income tax until distributed to the employee or other beneficiary of such contract; and

WHEREAS, Ohio Revised Code ("ORC") Section 9.90 provides that the Board may make contributions on behalf of employees to annuity contracts and/or custodial accounts described in IRC Section 403(b) (including contributions made pursuant to a salary reduction agreement); and

WHEREAS, ORC Section 9.91 provides that, subject to certain restrictions that the Board may impose, employees may request that the Board make contributions on their behalf to a 403(b) Contract designated by such employees, under salary reduction agreements or other terms and conditions as determined by the Board; and

WHEREAS, ORC Section 9.91 provides that the Board may require a 403(b) Contract provider, or broker who offers 403(b) Contracts, to enter into a reasonable agreement protecting the Board from any liability attendant to procuring, or making contributions to, a 403(b) Contract for its employees; and

WHEREAS, the Board wishes to make contributions under one or more 403(b) Contracts on behalf of employees, who elect to have such contributions made thereto pursuant to salary reduction agreements, provided that the provider of the 403(b) Contract, or the broker for the 403(b) Contract, executes an agreement protecting the Board from liability attendant thereto; and

WHEREAS, Treasury Department Regulations under IRC Section 403(b) require that the Board, among other things, adopt a plan document that will reflect its policies and procedures in regard to contributions to 403(b) Contracts, and that otherwise provide that such policies and procedures will comply with the requirements of IRC Section 403(b), as interpreted by such regulations; and

WHEREAS, pursuant to, and in accordance with, the provisions of IRC Section 403(b) and the regulations thereunder, and certain other provisions of the federal income tax law, the Board wishes to establish a Section 403(b) Plan that will permit employees to make elective deferrals under the Plan; and

WHEREAS, the Board has consulted with outside legal counsel in regard to the tax consequences of the 403(b) Plan; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Education of the Shaker Heights City School District, County of Cuyahoga, State of Ohio, that:

Section 1. The Board hereby adopts the Shaker Heights City School District Section 403(b) Plan that is attached hereto as Exhibit A (the "403(b) Plan").

Section 2. The Treasurer of the School District is hereby authorized to formally execute, on behalf of the Board, the attached 403(b) Plan, and any and all other legal documents that may be required to establish and maintain the 403(b) Plan, including, without limitation, the agreements that are included as Exhibits to the 403(b) Plan, and any required filings with the Internal Revenue Service or other governmental agencies. Further, the Treasurer is hereby appointed to act on behalf of the Board as the Administrator of the 403(b) Plan. Accordingly, the Treasurer may adopt rules and regulations relating to plan administration as, in the Treasurer's sole judgment, shall be necessary or desirable for 403(b) Plan administration and compliance with applicable law.

Section 3. This Board finds and determines that all formal actions of this Board and of any of its committees concerning and relating to the adoption of this resolution were taken, and that all deliberations of this Board and of any committees that resulted in those formal actions were held, in meetings open to the public in compliance with the law.

Section 4. This Resolution shall be in full force and effect as of January 1, 2009.

Ms. Sutherland seconded the motion.

Upon roll call on the adoption of the resolution, the vote was as follows:

Mr. Bliss Aye Ms. Levenson Aye

Mr. Robertson Aye Ms. Sutherland Aye

Mr. Feeling Aye

TREASURER'S CERTIFICATION

The foregoing is a true and correct excerpt from the minutes of the regular meeting on November 5, 2008 of the Board of Education of the Shaker Heights City School District, showing the adoption of the resolution hereinabove set forth.

Dated: November 5, 2008

Bryan C. Christman

Bryan C. Christman, Treasurer
Board of Education of the Shaker Heights City School District