

CLACKAMAS EDUCATION SERVICE DISTRICT

403(b) PLAN

September 1, 2008

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CLACKAMAS EDUCATION SERVICE DISTRICT

403(b) PLAN

Clackamas ESD has previously offered a 403(b) program to allow its employees to reduce their compensation and direct such amounts to a 403(b) annuity or custodial account. This Plan is adopted as of January 1, 2009 and is intended to meet the requirements of Code Section 403(b).

ARTICLE I

Name

This Plan is known as the Clackamas Education Service District 403(b) Plan (the "Plan").

ARTICLE II

Definitions

The following words and terms, when used in the Plan, have the meaning set forth below.

A. "Account" means the account or accumulation maintained for the benefit of any Participant or Beneficiary under an Annuity Contract or a Custodial Account.

B. "Account Balance" means the bookkeeping account maintained for each Participant which reflects the aggregate amount credited to the Participant's Account under all Accounts, including the Participant's Elective Deferrals, Employer Contributions (if applicable), the earnings or loss of each Annuity Contract or a Custodial Account (net of expenses) allocable to the Participant, any transfers for the Participant's benefit, and any distribution made to the Participant or the Participant's Beneficiary. The Account Balance includes any account established under ARTICLE VII for rollover contributions and plan-to-plan transfers made for a Participant, the account established for a Beneficiary after a Participant's death, and any account or accounts established for an alternate payee (as defined in section 414(p)(8) of the Code).

C. "Administrator" means the person or organization approved by the Employer to administer the Plan. The Administrator may delegate, by separate agreement, any administrative responsibilities under this Plan to any persons, committees, vendors or other organizations as it determines in its discretion.

D. "Annuity Contract" means a nontransferable contract as defined in Code Section 403(b)(1), established for each Participant by the Employer, or by each Participant individually, that is issued by an insurance company qualified to issue annuities in Oregon and that includes payment in the form of an annuity.

E. "Beneficiary" means the designated person who is entitled to receive benefits under the Plan after the death of a Participant, subject to such additional rules as may be set forth in the Individual Agreements. In the absence of a designation by the Participant, the Beneficiary will be determined under the Individual Agreement; provided however, if a Participant has designated by name his or her Spouse as the primary beneficiary and the Participant and Spouse

are subsequently divorced, the beneficiary designation shall be deemed revoked. If the Participant dies before making a new beneficiary designation, the benefits shall be paid as if there were no beneficiary designation. If the Individual Agreement does not provide for a method of determining the Beneficiary, the Beneficiary shall be determined in the following order: (1) the surviving Spouse at date of death; (2) the then living issue, per stirpes (lawful issue and adopted); (3) the residual beneficiaries of the estate of the Participant (and if the residual beneficiaries include a trust, the beneficiaries of such trust) in the proportions they would share in the residue of the estate.

F. “Code” means the Internal Revenue Code of 1986, as amended. All references to the Code or a Code section shall include applicable regulations and other governing authority.

G. “Compensation” means all cash compensation for services to the Employer, including salary, wages, fees, commissions, bonuses, and overtime pay, that is includible in the Employee's gross income for the calendar year, plus amounts that would be cash compensation for services to the Employer includible in the Employee's gross income for the calendar year but for a compensation reduction election under Code Sections 125, 132(f), 401(k), 403(b), or 457(b) (including an election under ARTICLE III made to reduce compensation in order to have Elective Deferrals under the Plan).

H. “Custodial Account” means the group or individual custodial account or accounts, as defined in Code Section 403(b)(7), established for each Participant by the Employer, or by each Participant individually, to hold assets of the Plan.

I. “Disabled” means the definition of disability provided in the applicable Individual Agreement.

J. “Elective Deferral” means the Employer contributions made to the Plan at the election of the Participant in lieu of receiving Compensation.

K. “Employee” means an individual who is a common law employee of the Employer performing services for the Employer. Only those persons designated as Employees by the Employer shall qualify as Employees under this Plan, even if a worker classified as an independent contractor is later determined to be a common law employee.

L. “Employer” means Clackamas Education Service District.

M. “Employer Contributions” means contributions made by the Employer which are not Elective Deferrals.

N. “Funding Vehicles” means the Annuity Contracts or Custodial Accounts issued for funding amounts held under the Plan and specifically approved by Employer for use under the Plan.

O. “Includible Compensation” means an Employee's actual wages in box 1 of Form W-2 for a year for services to the Employer, but subject to a maximum of \$230,000 (or such higher maximum as may apply under section 401(a)(17) of the Code) and increased (up to the dollar maximum) by any compensation reduction election under section 125, 132(f), 401(k),

403(b), or 457(b) of the Code (including any Elective Deferral under the Plan). The amount of Includible Compensation is determined without regard to any community property laws. To the extent permitted by the Code, payments made after Severance from Employment shall be considered Includible Compensation.

P. “Individual Agreement” means the agreements between a Vendor and the Employer or a Participant that governs a Custodial Account or an Annuity Contract.

Q. “Participant” means an Employee who has satisfied the eligibility requirements of ARTICLE III.

R. “Plan year” means the 12-month period ending on December 31.

S. “Related Employer” means the Employer and any other entity which is under common control with the Employer under section 414(b) or (c) of the Code. For this purpose, the Employer shall determine which entities are Related Employers based on a reasonable, good faith standard and taking into account the special rules applicable under Notice 89-23, 1989-1 C.B. 654.

T. “Severance from Employment” means for purposes of the Plan, Severance from Employment means Severance from Employment with the Employer and any Related Entity.

U. “Spouse” means the lawful husband or wife of the Participant. To the extent required by Oregon law, Spouse also includes a domestic partner of the Participant.

V. “Vendor” means the provider of an Annuity Contract or Custodial Account.

W. “Valuation Date” means the periodic dates for valuing the applicable Annuity Contract or Custodial Account under the applicable Individual Agreement.

ARTICLE III Participation and Contributions

A. Eligibility. Unless otherwise provided by the Employer in establishing the terms of employment for an Employee: each Employee shall be eligible to participate in the Plan and elect to make Elective Deferrals immediately upon becoming employed by the Employer; and an Employee who is a student-teacher (i.e., a person providing service as a teacher's aid on a temporary basis while attending a school, college or university) or who normally works fewer than 20 hours per week are not eligible to participate in the Plan. An Employee normally works fewer than 20 hours per week if, for the 12-month period beginning on the date the employee's employment commenced, the Employer reasonably expects the Employee to work fewer than 1,000 hours of service (as defined under Code Section 410(a)(3)(C)) and, for each Plan Year ending after the close of that 12-month period, the Employee has worked fewer than 1,000 hours of service. If provided under the terms of employment for a Participant, Employer Contributions may be made on behalf of such Participant; and only such a specifically designated Participant shall be eligible to have Employer Contributions made to his or her Account.

B. Compensation Reduction Election.

1. General Rule. An Employee elects to participate in Elective Deferrals by executing an election to reduce his or her Compensation (and have that amount contributed as an Elective Deferral on his or her behalf) and filing it with the Administrator. This Compensation reduction election shall be made on the agreement provided by the Administrator under which the Employee agrees to be bound by all the terms and conditions of the Plan. The Administrator may establish an annual minimum deferral amount no higher than \$200, and may change such minimum to a lower amount from time to time. The participation election shall also include designation of the Funding Vehicles and Accounts therein to which Elective Deferrals are to be made and a designation of Beneficiary. Any such election shall remain in effect until a new election is filed. Each Employee will become a Participant in accordance with the terms and conditions of the Individual Agreements. An Employee shall become a Participant as soon as administratively practicable following the date applicable under the employee's election.

2. Roth 403(b) Contributions. If the Employer provides such choice in the terms of employment, and if permitted under an Individual Agreement, an Employee may elect to make Roth 403(b) contributions in accordance with the rules of this Plan and the Code.

C. Information Provided by the Employee. Each Employee enrolling in the Plan should provide to the Administrator at the time of initial enrollment, and later if there are any changes, any information necessary or advisable for the Administrator to administer the Plan, including any information required under the Individual Agreements.

D. Change in Elective Deferrals Election. Subject to the provisions of the applicable Individual Agreements, an Employee may at any time revise his or her participation election, including a change of the amount of Elective Deferrals, investment direction, and designated Beneficiary. A change in the investment direction shall take effect as of the date provided by the Administrator on a uniform basis for all Employees. A change in the Beneficiary designation shall take effect when the election is accepted by the Vendor.

E. Contributions Made Promptly. Elective Deferrals under the Plan shall be transferred to the applicable Funding Vehicle within 15 business days following the end of the month in which the amount would otherwise have been paid to the Participant, unless an earlier date is required by applicable law or the terms of employment.

F. Leave of Absence. Unless an election is otherwise revised, if an Employee is absent from work by leave of absence, Elective Deferrals under the Plan shall continue to the extent that Compensation continues.

G. Employer Contributions. Employer Contributions shall be made at such times and in such amounts as provided under the terms of employment for an eligible Participant. Employer Contributions will be invested and distributed in the same manner as Elective Deferrals.

ARTICLE IV
Limitations on Amounts Deferred

A. Basic Annual Limitation. Except as provided in ARTICLE IV, Sections B and C, the maximum amount of the Elective Deferral under the Plan for any calendar year shall not exceed the lesser of (1) the applicable dollar amount or (2) the Participant's Includible Compensation for the calendar year. The applicable dollar amount is the amount established under section 402(g)(1)(B) of the Code, which is \$15,500 for 2008, and is adjusted for cost-of-living after 2008 under the Code.

B. Special Section 403(b) Catch-up Contribution. The applicable dollar amount under ARTICLE IV, Section A, for any "qualified employee" is increased (to the extent provided in the Individual Agreements) by the least of:

1. \$3,000;
2. The excess of:
 - (a) \$15,000, over
 - (b) The total special 403(b) catch-up elective deferrals made for the qualified employee by the qualified organization for prior years; or
3. The excess of:
 - (a) \$5,000 multiplied by the number of years of service of the employee with the qualified organization, over
 - (b) The total Elective Deferrals made for the employee by the qualified organization for prior years.

For purposes of this ARTICLE IV, Section B, a "qualified employee" means an employee who has completed at least 15 years of service taking into account only employment with the Employer.

C. Age 50 Catch-up Elective Deferral Contributions. An Employee who is a Participant who will attain age 50 or more by the end of the calendar year is permitted to elect an additional amount of Elective Deferrals, up to the maximum age 50 catch-up Elective Deferrals for the year. The maximum dollar amount of the age 50 catch-up Elective Deferrals for a year is \$5,000 for 2008, and is adjusted for cost-of-living after 2008 under the Code.

D. Coordination. Amounts in excess of the limitation set forth in ARTICLE IV, Section A, shall be allocated first to the special 403(b) catch-up under ARTICLE IV, Section B, and next as an age 50 catch-up contribution under ARTICLE IV, Section C. However, in no event can the amount of the Elective Deferrals for a year be more than the Participant's Compensation for the year.

E. Special Rule for a Participant Covered by Another Section 403(b) Plan. For purposes of this ARTICLE IV, if the Participant is or has been a participant in one or more other plans under Code Section 403(b) (and any other plan that permits elective deferrals under section 402(g) of the Code), then this Plan and all such other plans shall be considered as one plan for purposes of applying the foregoing limitations of this ARTICLE IV. For this purpose, the Administrator shall take into account any other such plan maintained by any Related Employer and shall also take into account any other such plan for which the Administrator receives from the Participant sufficient information concerning his or her participation in such other plan. Notwithstanding the foregoing, another plan maintained by a Related Entity shall be taken into account for purposes of ARTICLE IV, Section B, only if the other plan is a 403(b) plan.

F. Correction of Excess Elective Deferrals. If the Elective Deferral on behalf of a Participant for any calendar year exceeds the limitations described above, or the Elective Deferral on behalf of a Participant for any calendar year exceeds the limitations described above when combined with other amounts deferred by the Participant under another plan of the employer under section 403(b) of the Code (and any other plan that permits elective deferrals under section 402(g) of the Code for which the Participant provides information that is accepted by the Administrator), then the Elective Deferral, to the extent in excess of the applicable limitation (adjusted for any income or loss in value, if any, allocable thereto), shall be distributed to the Participant.

G. Contribution Rights for Military Service. An Employee whose employment is interrupted by qualified military service shall be have made or be allowed to make such contributions that are permitted or required under Code Section 414(u).

H. Code Section 415 Limitation on Contributions. Notwithstanding any other provision of this Plan, no Participant may make or receive contributions under this Plan in any Plan Year which exceed the limits applicable under Code Section 415(c), including any elections the Participant may make under Code Section 415(c).

ARTICLE V

Vesting

All amounts contributed under this Plan are one hundred percent (100%) vested at all times.

ARTICLE VI

Benefit Distributions

A. Benefit Distributions At Severance from Employment or Other Distribution Event. Except as otherwise provided in the Plan, distributions from a Participant's Account may not be made earlier than the earliest of the date on which the Participation has a Severance from Employment, dies, becomes Disabled, or attains age 59 1/2. Distributions shall otherwise be made in accordance with the terms of the Individual Agreements.

B. Small Account Balances. The terms of the Individual Agreement may permit distributions to be made in the form of a lump-sum payment, without the consent of the Participant or Beneficiary, but no such payment may be made without the consent of the Participant or Beneficiary unless the Account Balance does not exceed \$5,000 (determined without regard to any separate account that holds rollover contributions under ARTICLE VII, Section A) and any such distribution shall comply with the requirements of Code Section 401(a)(31)(B) (relating to automatic distribution as a direct rollover to an individual retirement plan for distributions in excess of \$1,000).

C. Minimum Distributions. Each Individual Agreement shall comply with the minimum distribution requirements of Code Section 401(a)(9). For purposes of applying the distribution rules, each Individual Agreement is treated as an individual retirement account (IRA) and distributions shall be made in accordance with the provisions of Treasury Regulation 1.408-8 (except as provided in Treas. Reg. § 1.403(b)-6(e)).

D. In-Service Distributions From Rollover Account. If a Participant has a separate account attributable to rollover contributions to the Plan, to the extent permitted by the applicable Individual Agreement, the Participant may at any time elect to receive a distribution of all or any portion of the amount held in the rollover account.

E. Hardship Withdrawals.

1. If the Employer takes action to permit hardship withdrawals and communicates such action to Participants, hardship withdrawals shall be permitted under the Plan to the extent permitted by the Individual Agreements controlling the Account assets to be withdrawn to satisfy the hardship. Any hardship withdrawal must meet the requirements of the Code. If applicable under an Individual Agreement, no Elective Deferrals shall be allowed under the Plan during the 6-month period beginning on the date the Participant receives a distribution on account of hardship.

2. The Individual Agreements shall provide for the exchange of information among the Employer and the Vendors to the extent necessary to implement the Individual Agreements, including, in the case of a hardship withdrawal that is automatically deemed to be necessary to satisfy the Participant's financial need (pursuant to Treas. Reg. §1.401(k)-1(d)(3)(iv)(E)), the Vendor notifying the Employer of the withdrawal in order for the Employer to implement the resulting 6-month suspension of the Participant's right to make Elective Deferrals under the Plan. In addition, in the case of a hardship withdrawal that is not automatically deemed to be necessary to satisfy the financial need (pursuant to Treas. Reg. § 1.401(k)-1(d)(3)(iii)(B)), the Vendor shall obtain information from the Employer or other Vendors to determine the amount of any plan loans and rollover accounts that are available to the Participant under the Plan to satisfy the financial need.

F. Rollover Distributions.

1. A Participant or the Beneficiary (or an alternate payee under a domestic relations order, as defined in Code Section 414(p)) who is entitled to an eligible rollover distribution may elect to have any portion of an eligible rollover distribution from the Plan paid

directly to an eligible retirement plan specified by the Participant in a direct rollover in compliance with the Code.

2. Each Vendor shall be separately responsible for providing, within a reasonable time period before making an initial eligible rollover distribution, an explanation to the Participant of his or her right to elect a direct rollover and the income tax withholding consequences of not electing a direct rollover.

ARTICLE VII Rollovers to the Plan and Transfers

A. Eligible Rollover Contributions to the Plan.

1. **Eligible Rollover Contributions.** To the extent provided in the Individual Agreements, an Employee who is a Participant who is entitled to receive an eligible rollover distribution from another eligible retirement plan may request to have all or a portion of the eligible rollover distribution paid to the Plan. Such rollover contributions shall be made in the form of cash only. The Vendor may require such documentation from the distributing plan as it deems necessary to effectuate the rollover in accordance with the Code.

2. **Separate Accounts.** The Vendor shall establish and maintain for the Participant a separate account for any eligible rollover distribution paid to the Plan.

B. Plan-to-Plan Transfers to the Plan.

1. At the direction of the Employer, for a class of Employees who are participants or beneficiaries in another 403(b) plan, the Administrator may permit a transfer of assets to the Plan as provided in this ARTICLE VII, Section B. Such a transfer is permitted only if the other plan provides for the direct transfer of each person's entire interest therein to the Plan and the participant is an employee or former employee of the Employer. The Administrator and any Vendor accepting such transferred amounts may require that the transfer be in cash or other property acceptable to it. The Administrator or any Vendor accepting such transferred amounts may require such documentation from the other plan as it deems necessary to comply with the Code.

2. The amount so transferred shall be credited to the Participant's Account Balance, so that the Participant or Beneficiary whose assets are being transferred has an accumulated benefit immediately after the transfer at least equal to the accumulated benefit with respect to that Participant or Beneficiary immediately before the transfer.

3. To the extent provided in the Individual Agreements holding such transferred amounts, the amount transferred shall be held, accounted for, administered and otherwise treated in the same manner as an Elective Deferral by the Participant under the Plan, except that (1) the Individual Agreement which holds any amount transferred to the Plan must provide that, to the extent any amount transferred is subject to any distribution restrictions, the Individual Agreement must impose restrictions on distributions to the Participant or Beneficiary that are not less stringent than those imposed on the transferor plan and (2) the transferred

amount shall not be considered an Elective Deferral under the Plan in determining the maximum deferral under ARTICLE IV.

C. Plan-to-Plan Transfers from the Plan.

1. At the direction of the Employer, the Administrator may permit a class of Participants and Beneficiaries to elect to have all or any portion of their Account Balance transferred to another 403(b) plan. A transfer is permitted only if (i) the Participants or Beneficiaries are employees or former employees of the employer (or the business of the employer) of the receiving plan, (ii) the other plan provides for the acceptance of plan-to-plan transfers and (iii) the account balance under the other plan immediately after the transfer is at least equal to the amount transferred.

2. The other plan must provide that, to the extent any amount transferred is subject to any distribution restrictions required under Code Section 403(b), the other plan shall impose restrictions on distributions to the Participant or Beneficiary whose assets are transferred that are not less stringent than those imposed under the Plan. In addition, if the transfer does not constitute a complete transfer of the Participant's or Beneficiary's interest in the Plan, the other plan shall treat the amount transferred as a continuation of a pro rata portion of the Participant's or Beneficiary's interest in the transferor plan (e.g., a pro rata portion of the Participant's or Beneficiary's interest in any after-tax employee contributions).

3. Upon the transfer of assets, the Plan's liability to pay benefits to the Participant or Beneficiary under this Plan shall be discharged to the extent of the amount so transferred for the Participant or Beneficiary. The Administrator may require such documentation from the receiving plan as it deems appropriate or necessary to comply with the Plan and the Code.

D. Contract and Custodial Account Exchanges.

1. A Participant or Beneficiary is permitted to change the investment of his or her Account Balance among the Vendors under the Plan, subject to the terms of the Individual Agreements. However, an investment change that includes an investment with a Vendor that is not eligible to receive contributions under ARTICLE III (referred to below as an exchange) is not permitted unless the conditions in paragraphs (2) through (4) of this ARTICLE VII, Section D, are satisfied.

2. The Participant or Beneficiary must have an Account Balance immediately after the exchange that is at least equal to the Account Balance of that Participant or Beneficiary immediately before the exchange (taking into account the Account Balance of that Participant or Beneficiary under both 403(b) contracts or custodial accounts immediately before the exchange).

3. The Individual Agreement with the receiving Vendor has distribution restrictions with respect to the Participant that are not less stringent than those imposed on the investment being exchanged.

4. The Employer enters into an agreement with the receiving Vendor for the other contract or custodial account under which the Employer and the Vendor will from time to time in the future provide each other with the following information:

(a) Information necessary for the resulting contract or custodial account, or any other contract or custodial accounts to which contributions have been made by the Employer, to satisfy Code Section 403(b), including the following: (i) the Employer providing information as to whether the Participant's employment with the Employer is continuing, and notifying the Vendor when the Participant has had a Severance from Employment; (ii) the Vendor notifying the Employer of any hardship withdrawal; and (iii) the Vendor providing information to the Employer or other Vendors concerning the Participant's or Beneficiary's 403(b) contracts or custodial accounts or qualified employer plan benefits to enable a Vendor to determine the amount of any plan loans, rollover accounts and eligibility for a hardship withdrawal; and

(b) Information necessary in order for the resulting contract or custodial account and any other contract or custodial account to which contributions have been made for the Participant by the Employer to satisfy other tax requirements, including the following: (i) the amount of any plan loan that is outstanding to the Participant; and (ii) information concerning the Participant's or Beneficiary's after-tax employee contributions in order for a Vendor to determine the extent to which a distribution is includible in gross income.

5. If any Vendor ceases to be eligible to receive Elective Deferrals under the Plan, the Employer will enter into an information sharing agreement to the extent the Employer's contract with the Vendor does not provide for the exchange of information described in ARTICLE VII, Sections D.1 and D.2.

E. Permissive Service Credit Transfers.

1. If a Participant is also a participant in a tax-qualified defined benefit governmental plan (as defined in Code Section 414(d)) that provides for the acceptance of plan-to-plan transfers with respect to the Participant, then the Participant may elect to have any portion of the Participant's Account Balance transferred to the defined benefit governmental plan as allowed under the Code to purchase permissive service credit or a repayment of amounts distributed under such plan.

2. If a plan-to-plan transfer does not constitute a complete transfer of the Participant's or Beneficiary's interest in the transferor plan, the Plan shall treat the amount transferred as a continuation of a pro rata portion of the Participant's or Beneficiary's interest in the transferor plan (e.g., a pro rata portion of the Participant's or Beneficiary's interest in any after-tax employee contributions).

ARTICLE VIII Investment of Contributions

A. Manner of Investment. All Elective Deferrals or other amounts contributed to the Plan, all property and rights purchased with such amounts under the Funding Vehicles, and all income attributable to such amounts, property, or rights shall be held and invested in one or

more Annuity Contracts or Custodial Accounts. Each Custodial Account shall provide for it to be impossible, prior to the satisfaction of all liabilities with respect to Participants and their Beneficiaries, for any part of the assets and income of the Custodial Account to be used for, or diverted to, purposes other than for the exclusive benefit of Participants and their Beneficiaries.

B. Investment of Contributions. Each Participant or Beneficiary shall direct the investment of his or her Account among the investment options available under the Annuity Contract or Custodial Account in accordance with the terms of the Individual Agreements. Transfers among Annuity Contracts and Custodial Accounts may be made to the extent provided in the Individual Agreements and permitted under the Code.

C. Current and Former Vendors. The Administrator shall maintain a list of all Vendors under the Plan. Such list is hereby incorporated as part of the Plan. Each Vendor and the Administrator shall exchange such information as may be necessary to satisfy the Code or other requirements of applicable law. In the case of a Vendor which is not eligible to receive Elective Deferrals under the Plan (including a Vendor which has ceased to be a Vendor eligible to receive Elective Deferrals under the Plan and a Vendor holding assets under the Plan in accordance with ARTICLE VII, Sections B or D), the Employer shall keep the Vendor informed of the name and contact information of the Administrator in order to coordinate information necessary to satisfy the Code or other requirements of applicable law.

ARTICLE IX

Amendment and Plan Termination

A. Termination of Contributions. The Employer has adopted the Plan with the intention and expectation that contributions will be continued indefinitely. However, the Employer has no obligation or liability whatsoever to maintain the Plan for any length of time and may discontinue contributions under the Plan at any time without any liability hereunder for any such discontinuance.

B. Amendment and Termination. The Employer reserves the authority to amend or terminate this Plan at any time.

C. Distribution upon Termination of the Plan. The Employer may provide that, in connection with a termination of the Plan and subject to any restrictions contained in the Individual Agreements, all Accounts will be distributed, provided that the Employer and any Related Employer on the date of termination do not make contributions to an alternative 403(b) contract that is not part of the Plan during the period beginning on the date of plan termination and ending 12 months after the distribution of all assets from the Plan, except as permitted by the Code.

ARTICLE X

Loans

A. Loans. If the Employer takes action to permit loans and communicates such action to Participants, a Participant may borrow funds from such Participant's account under the Plan to the extent permitted by Code Section 72(p) and the Individual Agreement from which the loan is made and by which the loan will be secured.

B. Information Coordination Concerning Loans. Each Vendor is responsible for all information reporting and tax withholding required by applicable federal and state law in connection with distributions and loans. To minimize the instances in which Participants have taxable income as a result of loans from the Plan, the Administrator shall take such steps as may be appropriate to coordinate the limitations on loans, including the collection of information from Vendors, and transmission of information requested by any Vendor, concerning the outstanding balance of any loans made to a Participant under the Plan or any other plan of the Employer. The Administrator shall also take such steps as may be appropriate to collect information from Vendors, and transmission of information to any Vendor, concerning any failure by a Participant to repay timely any loans made to a Participant under the Plan or any other plan of the Employer.

ARTICLE XI Miscellaneous

A. NonAssignability. Except as provided in ARTICLE XII, Sections B and C, the interests of each Participant or Beneficiary under the Plan are not subject to the claims of the Participant's or Beneficiary's creditors; and neither the Participant nor any Beneficiary shall have any right to sell, assign, transfer, or otherwise convey the right to receive any payments hereunder or any interest under the Plan, which payments and interest are expressly declared to be nonassignable and nontransferable.

B. Domestic Relation Orders. Notwithstanding ARTICLE XII, Section A, if a judgment, decree or order (including approval of a property settlement agreement) that relates to the provision of child support, alimony payments, or the marital property rights of a spouse or former spouse, child, or other dependent of a Participant is made pursuant to the domestic relations law of any State ("domestic relations order"), then the amount of the Participant's Account Balance shall be paid in the manner and to the person or persons so directed in the domestic relations order. Such payment shall be made without regard to whether the Participant is eligible for a distribution of benefits under the Plan. The Administrator shall establish reasonable procedures for determining the status of any such decree or order and for effectuating distribution pursuant to the domestic relations order.

C. IRS Levy. Notwithstanding ARTICLE XII, Section A, the Administrator may pay from a Participant's or Beneficiary's Account Balance the amount that the Administrator finds is lawfully demanded under a levy issued by the Internal Revenue Service with respect to that Participant or Beneficiary or is sought to be collected by the United States Government under a judgment resulting from an unpaid tax assessment against the Participant or Beneficiary.

D. Tax Withholding. Contributions to the Plan are subject to applicable income and employment taxes. Any benefit payment made under the Plan is subject to applicable income tax withholding requirements. A payee shall provide such information as the Administrator may need to satisfy income tax withholding obligations, and any other information that may be required under the Code.

E. Payments to Minors and Incompetents. If a Participant or Beneficiary entitled to receive any benefits hereunder is a minor or is adjudged to be legally incapable of giving valid

receipt and discharge for such benefits, or is deemed so by the Administrator, benefits will be paid to such person as the Administrator may designate for the benefit of such Participant or Beneficiary. Such payments shall be considered a payment to such Participant or Beneficiary and shall, to the extent made, be deemed a complete discharge of any liability for such payments under the Plan.

F. Mistaken Contributions. If any contribution (or any portion of a contribution) is made to the Plan by a good faith mistake of fact, then within one year after the payment of the contribution, and upon receipt in good order of a proper request approved by the Administrator, the amount of the mistaken contribution (adjusted for any income or loss in value, if any, allocable thereto) shall be returned directly to the Participant or, to the extent required or permitted by the Administrator, to the Employer.

G. Procedure When Distributee Cannot Be Located. The Administrator shall make all reasonable attempts to determine the identity and address of a Participant or a Participant's Beneficiary entitled to benefits under the Plan. If the Administrator is unable to locate such a person entitled to benefits hereunder, or if there has been no claim made for such benefits, the Funding Vehicle shall continue to hold the benefits due such person.

H. Incorporation of Individual Agreements. The Plan, together with the Individual Agreements, is intended to satisfy the requirements of Code Section 403(b). Terms and conditions of the Individual Agreements are hereby incorporated by reference into the Plan, excluding those terms that are inconsistent with the Plan or Code Section 403(b).

I. Governing Law. The Plan will be construed, administered and enforced according to the Code and the laws of Oregon.

J. Headings. Headings of the Plan have been inserted for convenience of reference only and are to be ignored in any construction of the provisions hereof.

K. Gender. Pronouns used in the Plan in the masculine or feminine gender include both genders unless the context clearly indicates otherwise.

L. Disputes and Claims. Any dispute or claim with respect to the terms of this Plan will be determined under the employee grievance procedure applicable to compensation matters. Any dispute or claim which involves the Individual Agreement shall be determined as provided under such Individual Agreement. The Employer shall have no responsibility or obligation to assist the Participant or Beneficiary with respect to any dispute or claim that relates to an Individual Agreement.

IN WITNESS WHEREOF, the Employer has caused this Plan to be executed this 16th day of December, 2008.

Clackamas Education Service District

By: Milt Dennison, Superintendent