

Joseph Carey, C.P.A.
William M. Maginnis, C.P.A.
Geoffrey S. Bruce, C.P.A.

**Maginnis
& Carey**
CERTIFIED PUBLIC ACCOUNTANTS

Members: Private Companies Practice Section of
American Institute of Certified Public Accountants
& Associated Regional Accounting Firms

November 4, 1994

2520040182764

Office of Employee Benefits Security
Labor - Management Services Administration
U.S. Department of Labor
Washington D.C. 20216

Re: Reporting and Disclosure Report
D.O.L. Reg. 2520.104-23

In compliance with the requirements of the alternative method of reporting and disclosure under Part 1 of Title I of the Employee Retirement Income Security Act of 1974 for unfunded or insured pension plans for a select group of management or highly compensated employees, specified in Department of Labor Regulations, 29 C.F.R. §2520.104-23, the following information is provided by the undersigned employer.

Name and Address of Employer: Maginnis & Carey
220 NW 2nd Avenue, Suite 1000
Portland, Oregon 97209

Employer Identification Number: 93-0567723

Maginnis & Carey maintains a plan primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees.

Number of Plans and
Participants in Each Plan: 1 Plan covering 1 employee

Dated September, 1994

Maginnis & Carey

By William M. Maginnis
William M. Maginnis (Plan Administrator)

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DOL-PWBA
FUNDING DIVISION

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REVERSE SPLIT-DOLLAR INSURANCE AGREEMENT

THIS AGREEMENT is entered into this 20th day of August, 1993 by and between Maginnis & Carey (hereinafter called the "Employer"), a partnership organized and existing under the laws of Oregon, and William M. Maginnis (hereinafter called the "Employee").

WHEREAS, the Employee is a valuable partner of the Employer;

WHEREAS, the Employer wants to retain the services of the Employee;

WHEREAS, the Employer wants to insure the life of the Employee;

WHEREAS, the Employer and the Employee agree to purchase insurance subject to this reverse split-dollar agreement; and

WHEREAS, this reverse split-dollar plan is intended to qualify as a life insurance arrangement under the general tax rules established under Rev. Rul 64-328, 1964-2 C.B. 11 and Rev. Rul. 66-110, 1966-1 C.B. 12;

NOW THEREFORE, Employer and Employee agree as follows:

1. The life insurance policy with which this agreement deals is Policy Number 13025756 (hereinafter called the "Policy") issued by The Northwestern Mutual Life Insurance Company (hereinafter called "Northwestern") on the life of Employee. Employee shall be the sole Owner of the Policy and he or his estate or representative shall have the right to name the beneficiary of an amount of the death proceeds in excess of \$ 300,000. Any indebtedness on the policy and any indebtedness secured by a collateral assignment made by the Employee will first be deducted from the proceeds payable to the Employee's beneficiary.

2. Employer shall have the right to be named the beneficiary of \$ 300,000 or the total death benefit, if less. Any assignment of the proceeds by the Employer shall be limited to the death proceeds only, not to exceed \$ 300,000. The initial beneficiary for the Employer shall be the Employer.

3. Each premium of the policy shall be paid as it becomes due. At the time each premium payment is made, the Employer shall contribute to the payment of each premium. The Employer shall contribute each year an amount equal to the "value of the economic benefit" attributable to the life insurance protection provided to the Employer under this reverse split-dollar agreement. The "value of the economic benefit" will be computed in accordance with Rev. Rul 64-328, and Rev. Rul 66-110 by using column 3, "Scheduled Annual Premium", of the attached schedule, "ADDENDUM A".

4. Policy dividends shall be applied to purchase paid-up additional insurance protection.

5. This agreement may be terminated by either party hereto, with or without the consent of the other, by giving notice of termination in writing to the other party. This agreement shall terminate automatically upon termination of Employee's employment with Employer for any reason whatsoever other than the Employee's death. In the event of termination of the agreement, Employer shall transfer its right to name the beneficiary of the amount stated in paragraph 2 above to the Employee.

6. Northwestern shall be bound only by the provisions of and endorsements of the Policy, and any payments made or action taken by it in accordance therewith shall fully discharge it from all claims, suits and demands of all persons whatsoever. It shall in no way be bound by or be deemed to have notice of the provisions of this agreement.

7. This agreement shall bind Employer and its successors and assigns, Employee and his heirs, executors, administrators and assigns, and any Policy beneficiary.

8. The following provisions are part of this agreement and are intended to meet the requirements of the Employee Retirement Income Security Act of 1974;

- (a) The named fiduciary: The Employer.
- (b) The funding policy under this Plan is that all premiums on the Policy be remitted to the Insurer when due.
- (c) Direct payment by the Insurer is the basis of payment of benefits under this Plan, with those benefits in turn being based on the payment of premiums as provided in the Plan.
- (d) For claims procedure purposes, the "Claims Manager" shall be the Employer.
 - (1) If for any reason a claim for benefits under this Plan is denied by the Employer, the Claims Manager shall deliver to the claimant a written explanation setting forth the specific reasons for the denial, pertinent references to the Plan section on which the denial is based, such other data as may be pertinent and information on the procedures to be followed by the claimant in obtaining a review of his claim, all written in a manner calculated to be understood by the claimant. For this purpose:
 - (A) The claimant's claim shall be deemed filed when presented orally or in writing to the Claims Manager.
 - (B) The Claims Manager's explanation shall be in writing delivered to the claimant within 90 days of the date the claim is filed.
 - (2) The claimant shall have 60 days following his receipt of the denial of the claim to file with the Claims Manager a written request for review of the denial. For such review, the claimant or his representative may submit pertinent documents and written issues and comments.

- (3) The Claims Manager shall decide the issue on review and furnish the claimant with a copy within 60 days of receipt of the claimant's request for review of his claim. The decision on review shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, as well as specific references to the pertinent Plan provisions on which the decision is based. If a copy of the decision is not so furnished to the claimant within such 60 days, the claim shall be deemed denied on review.

IN WITNESS WHEREOF the parties have signed and sealed this agreement.

In the presence of:

Clucki & Wendt

Clucki & Wendt

Maginnis & Carey (Employer)

By *Geoffrey S. Bruce*
Geoffrey S. Bruce (Partner)

William M. Maginnis
William M. Maginnis (Employee)