

July 10, 1996

US CERTIFIED MAIL P 409 357 021

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

Gentlemen:

Enclosed please find Notice of Plan of Deferred Compensation and Salary Continuation Plan Agreement for two employees at Spaulding Youth Center, Inc. and Spaulding Youth Center Foundation, Inc.

If clarification is required, please contact my office.

Thank you for your consideration in this matter.

Sincerely

Edward G. DeForrest, Ph.D.  
Executive Director

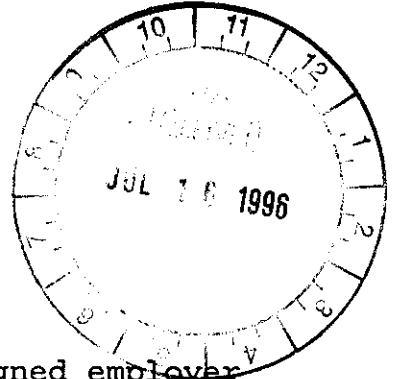
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Enclosures (2)

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Date July 01, 1996

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



RE: Notice of Plan of Deferred Compensation

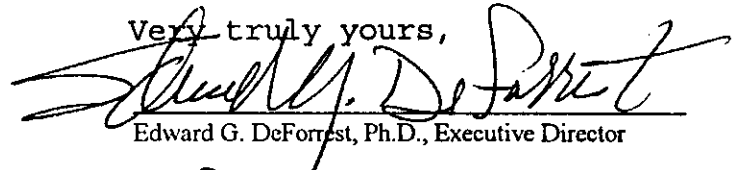
Gentlemen:


Pursuant to DOL Reg. Sec. 2520.104-23, the undersigned employer hereby files the following information with respect to its plan of deferred compensation.

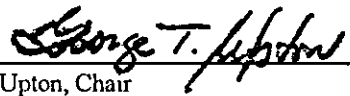
1. Name and Address of Employer:  

<u>Spaulding Youth Center, Inc.</u>	<u>Spaulding Youth Center Foundation, Inc.</u>
<u>PO Box 189</u>	<u>PO Box 189</u>
<u>Tilton NH 03276-0189</u>	<u>Tilton NH 03276-0189</u>
2. Federal Employer Identification No. (EIN):  

<u>#02-0244216</u>	<u>#22-2780838</u>
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3. The Employer maintains one plan of deferred compensation primarily for the purpose of providing deferred compensation to a select group of management or highly-compensated employees.
4. 2 employees are covered by such plan.

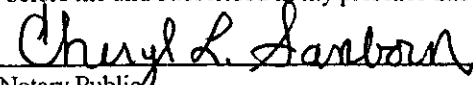
Very truly yours,  
  
Edward G. DeForrest, Ph.D., Executive Director

  
Patricia C. Kendall, Chair  
Spaulding Youth Center Board of Trustees

  
George T. Upton, Chair  
Spaulding Youth Center Foundation, Board of Directors

STATE OF NEW HAMPSHIRE  
MERRIMACK COUNTY SS.

A true copy attest. Sworn to before me and subscribed in my presence this 1<sup>st</sup> day of July, 1996.

  
Notary Public

**CHERYL L. SANBORN, Notary Public**  
**My Commission Expires June 9, 1998**

SALARY CONTINUATION PLAN AGREEMENT

THIS AGREEMENT, made and entered into this 1<sup>st</sup> day of July, 1996, by and between Spaulding Youth Center Foundation, a New Hampshire voluntary corporation, with principal offices and place of business in the State of New Hampshire (hereinafter referred to as the "Foundation"); Spaulding Youth Center, Inc., also a New Hampshire voluntary corporation, with principal offices and place of business in the State of New Hampshire (hereinafter referred to as the "Center"); Edward G. DeForrest, an individual residing in the State of New Hampshire (hereinafter referred to as "DeForrest" or an "Employee"); and John Tear, an individual residing in the State of New Hampshire (hereinafter referred to as "Tear" or an "Employee") (DeForrest and Tear are referred to herein together as the "Employees").

Recitals

WHEREAS, the Employees are employed by the Foundation and the Center; and

WHEREAS, the Foundation and the Center recognize the value of the services performed by the Employees and wish to encourage their continued employment; and

WHEREAS, the Employees wish to be assured that they will be entitled to a certain amount of additional compensation for some definite period of time from and after their retirement from active service with the Foundation and the Center and that their beneficiary will be entitled to a death benefit from and after each Employee's death; and

WHEREAS, the parties hereto wish to provide the terms and conditions upon which the Foundation shall pay such additional compensation to the Employees after the retirement of each or a death benefit to his beneficiary after each Employee's death; and

WHEREAS, the parties hereto intend that this Agreement be considered an unfunded arrangement, maintained primarily to provide deferred compensation benefits for the Employees, members of a select group of management or highly compensated employees of the Foundation, for purposes of the Employee Retirement Security Act of 1974, as amended;

NOW, THEREFORE, in consideration of the premises and of the mutual promises herein contained, the parties hereto agree as follows:

1. BENEFIT IN THE EVENT OF RETIREMENT OR TERMINATION OTHER THAN FOR CAUSE.

a. Upon an Employee's termination of employment with the Foundation and the Center, other than for cause, as defined in

section 3.b. hereof, before he reaches age sixty-two (62), the Foundation shall pay the Employee as follows:

i. To DeForrest, \$25,000 per year for 10 years beginning on the date 30 days after the date of his retirement or termination other than for cause begins. In the event of DeForrest's death after termination of his employment other than for cause, but prior to completion of the payments referred to in the first sentence of this paragraph 1.a.i. ("DeForrest's Death"), the Foundation shall make said payments to DeForrest's designated beneficiary, in accordance with the last such designation received by the Corporation from DeForrest prior to his death. If no such designation has been received by the Corporation from DeForrest prior to DeForrest's Death, or if said payments are otherwise to be made as provided herein, said payments shall be made to the DeForrest's then living spouse, so long as she shall live and thereafter to such person or persons, including her estate, as she may appoint under her Will, making specific reference hereto; if DeForrest is not survived by a spouse or if she shall fail to so appoint, then said payments shall be made to the then living children of DeForrest, if any, in equal shares, for their joint and survivor lives; and if none, or after their respective joint and survivor lives, any balance thereof to the estate of DeForrest.

ii. To Tear, \$5,000 per year until the earlier of (x) his death or, (y) the end of the 15 years beginning on the date 30 days after the date of his retirement or termination other than for cause begins. In the event of his death prior to the end of the period described in section (y) of the preceding sentence, final payment shall be made to his estate within 60 days of his death in an amount equal to a full year's payment times a fraction the numerator of which is the number of days in the payment year prior to his death and the denominator is 365. Each payment year shall begin on the anniversary of the date of his retirement or termination other than for cause.

b. From and after an Employee's retirement from the service of the Foundation and the Center at or after age sixty-two (62), or upon an Employee's termination other than for cause, as defined in section 3.b. hereof, after he reaches age sixty-two (62), the Foundation shall pay the Employee as follows:

i. To DeForrest, \$35,000 per year upon the terms (other than the amount) set forth under paragraph 1.a.i. above.

ii. To Tear, \$7,042 per year upon the terms (other than the amount) set forth under paragraph 1.a.ii. above.

2. DEATH BENEFIT. The Foundation shall pay the following amounts within 30 days of an event described below:

a. In the event of the death of DeForrest while he is employed by the Foundation and the Center, the lump sum of \$250,000 to DeForrest's Estate.

b. In the event of the death of Tear either while employed by the Foundation and the Center, or thereafter, to Tear's designated beneficiary, in accordance with the last such designation received by the Foundation from Tear prior to his death, the lump sum set forth in Schedule A attached hereto. If no such designation has been received by the Foundation from Tear prior to his death or if said payments are otherwise to be made as provided herein, said payments shall be made to Tear's then living spouse, so long as she shall live and thereafter to such person or persons, including her estate, as she may appoint under her Will, making specific reference hereto; if Tear is not survived by a spouse or if she shall fail to so appoint, then said payments shall be made to Tear's then living children, if any, in equal shares, for their joint and survivor lives; and if none, or after their respective joint and survivor lives, any balance thereof to Tear's estate.

3. BENEFITS CONTINGENT ON CONTINUED EMPLOYMENT; NO CONTRACT OF EMPLOYMENT.

a. In the event that the employment of an Employee is terminated for cause, the Employee's death, or his retirement from the service of the Foundation and the Center, this Agreement shall thereupon automatically terminate, subject to satisfaction in full of the provisions hereof, and the Foundation shall have no further obligation hereunder.

b. For purposes of this Agreement, termination for cause shall mean termination due to (i) an Employee's breach of any material term or condition of this Agreement or any employment agreement between the Employee and the Foundation or the Center, (ii) an Employee's failure or refusal to comply with any provisions of the personnel manual or any other rule or policy of the Foundation or the Center, (iii) Employee's failure to adequately perform the services set forth in any employment agreement between the Employee and the Foundation or the Center, or (iv) an Employee's being charged with any federal or state felony. For purposes of this Agreement, termination other than for cause shall mean termination due to any reason other than termination for cause.

c. Nothing contained in this Agreement shall be construed to be a contract of employment for any term of years, nor as conferring upon an Employee the right to continue to be employed by the Foundation and the Center in his present capacity, or in any other capacity. It is expressly understood by the parties hereto that this Agreement relates exclusively to additional compensation for an Employee's services, which compensation is

payable after his retirement from active service of the Foundation and Center or his death, and is not intended to be an employment contract.

4. NO TRUST CREATED. Nothing contained in this Agreement, and no action taken pursuant to its provisions by either party hereto, shall create, nor be construed to create, a trust of any kind or a fiduciary relationship between the Foundation or Center and an Employee, his designated beneficiary, any other beneficiary of an Employee or any other person.

5. BENEFITS PAYABLE ONLY FROM GENERAL CORPORATE ASSETS; UNSECURED GENERAL CREDITOR STATUS OF EMPLOYEE. The payments to an Employee, his designated beneficiary or any other beneficiary hereunder shall be made from assets that shall continue, for all purposes, to be a part of the general, unrestricted assets of the Foundation; no person shall have nor acquire any interest in any such assets by virtue of the provisions of this Agreement. The Foundation's obligation hereunder shall be an unfunded and unsecured promise to pay money in the future. To the extent that an Employee or any person acquires a right to receive payments from the Foundation under the provisions hereof, such right shall be no greater than the right of any unsecured general creditor of the Foundation; no such person shall have nor require any legal or equitable right, interest or claim in or to any property or assets of the Foundation.

6. DETERMINATION OF BENEFITS, CLAIMS PROCEDURE AND ADMINISTRATION.

a. Claim. A person who believes that he is being denied a benefit to which he is entitled under the Plan (hereinafter referred to as a "Claimant") may file a written request for such benefit with the Foundation setting forth his claim. The request must be addressed to the President of the Foundation at its then principal place of business.

b. Claim Decision. Upon receipt of a claim, the Foundation shall advise the Claimant that a reply will be forthcoming within ninety (90) days and shall, in fact, deliver such reply within such period. The Foundation may, however, extend the reply period for an additional ninety (90) days for reasonable cause.

If the claim is denied in whole or in part, the Foundation shall adopt a written opinion, using language calculated to be understood by the Claimant, setting forth:

- (i) The specific reason or reasons for such denial;
- (ii) The specific reference to pertinent provisions of this Agreement on which such denial is based;

(iii) A description of any additional material or information necessary for the Claimant to perfect his claim and an explanation why such material or such information is necessary;

(iv) Appropriate information as to the steps to be taken if the Claimant wishes to submit the claim for review; and

(v) The time limits for requesting a review under subsection c. and for review under subsection d. hereof.

c. Request for Review. Within sixty (60) days after the receipt by the Claimant of the written opinion described above, the Claimant may request in writing that the Secretary of the Foundation review the determination of the Foundation. Such request must be addressed to the Secretary of the Foundation, at its then principal place of business. The Claimant or his duly authorized representative may, but need not, review the pertinent documents and submit issues and comments in writing for consideration by the Foundation. If the Claimant does not request a review of the Foundation's determination by the Secretary of the Foundation within such sixty (60) day period, he shall be barred and estopped from challenging the Foundation's determination.

d. Review of Decision. Within sixty (60) days after the Secretary's receipt of a request for review, he will review the Foundation's determination. After considering all materials presented by the Claimant, the Secretary will render a written opinion, written in a manner calculated to be understood by the Claimant, setting forth the specific reasons for the decision and containing specific references to the pertinent provisions of this Agreement on which the decision is based. If special circumstances require that the sixty (60) day time period be extended, the Secretary will so notify the Claimant and will render the decision as soon as possible, but no later than one hundred twenty (120) days after receipt of the request for review.

7. NON-ASSIGNABILITY OF BENEFITS. Neither an Employee, his designated beneficiary nor any other beneficiary under this Agreement shall have any power or right to transfer, assign, anticipate, hypothecate or otherwise encumber any part or all of the amounts payable hereunder that are expressly declared to be unassignable and non-transferable. Any such attempted assignment or transfer shall be void and shall terminate this Agreement; the Foundation shall thereupon have no further liability hereunder. No amount payable hereunder shall, prior to actual payment thereof, be subject to seizure by any creditor of any such beneficiary for the payment of any debt, judgment or other obligation, by a proceeding at law or in equity, nor transferable

by operation of law in the event of the bankruptcy, insolvency or death of an Employee, his designated beneficiary or any other beneficiary hereunder.

8. AMENDMENT. This Agreement may not be amended, altered or modified, except by a written instrument signed by the parties hereto, or their respective successors and may not be otherwise terminated except as provided herein.

9. INUREMENT. This Agreement shall be binding upon and inure to the benefit of the Foundation and its successors and assigns, and an Employee, his successors, heirs, executors, administrators and beneficiaries.

10. NOTICES. Any notice, consent or demand required or permitted to be given under the provisions of this Agreement shall be in writing, and shall be signed by the party giving or making the same. If such notice, consent or demand is mailed to a party hereto, it shall be sent by United States certified mail, postage prepaid, addressed to such party's last known address as shown on the records of the Foundation. The date of such mailing shall be deemed the date of notice, consent or demand.

11. GOVERNING LAW. This Agreement, and the rights of the parties hereunder, shall be governed by and construed in accordance with the laws of the State of New Hampshire.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, in duplicate, as of the day and year first above written.

Cheryl L. Sanborn  
Witness  
Edward G. DeForrest  
Edward G. DeForrest

Cheryl L. Sanborn  
Witness  
John P. Tear  
John Tear  
Spaulding Youth Center  
Foundation

Cheryl L. Sanborn  
Witness  
By George T. Cotton  
Its Chairman of the Board  
Spaulding Youth Center, Inc.

Cheryl L. Sanborn  
Witness  
By Leticia C. Hendon  
Its Chairman of the Board

STATE OF NEW HAMPSHIRE  
MERRIMACK COUNTY SS.

A true copy attest. Sworn to and subscribed in my presence this 1<sup>st</sup> day of July, 1996.

Cheryl L. Sanborn  
Notary Public  
CHERYL L. SANBORN, Notary Public  
My Commission Expires June 9, 1998