

I hereby certify that the following agenda was posted at least 72 hours prior to the time of the meeting so noticed below at 24251 Los Alisos Boulevard, Lake Forest, California.



DENNIS P. CAFFERTY, Secretary of the El Toro Water District and the Board of Directors thereof



AGENDA

EL TORO WATER DISTRICT

REGULAR MEETING OF THE BOARD OF DIRECTORS FINANCE AND INSURANCE COMMITTEE MEETING AND ENGINEERING COMMITTEE MEETING

December 14, 2020

7:30 a.m.

This Meeting is being conducted in accordance with Governor Newsom's Executive Order N-29-20 (Paragraph 3) and the conditions specified therein which waive certain provisions of the Brown Act.

In an effort to protect public health and prevent the spread of COVID-19 (Coronavirus), and in accordance with the Governor's Executive Order N-29-20, **there will be no public location for attending in person.**

The Order allows all Board Members to participate telephonically in the Meeting from remote locations. As such, Directors Monin, Gaskins, Vergara, Freshley and Havens will be participating telephonically.

Members of the public who wish to comment on any item within the jurisdiction of the District or on any item on the agenda, may observe and address the Meeting by joining at this link: <https://us02web.zoom.us/j/87425439922>. (Meeting ID: 874 2543 9922). Members of the public who wish only to listen to the telephonic meeting may dial in at the following numbers (669) 900-6833 or (346) 248-7799 with the same Meeting ID noted above. Please be advised the Meeting is being recorded.

CALL TO ORDER – President Monin

PLEDGE OF ALLEGIANCE – Director Vergara

ORAL COMMUNICATIONS/PUBLIC COMMENTS

Members of the public may address the Board at this time or they may reserve this opportunity with regard to an item on the agenda until said item is discussed by the Board. Comments on other items will be heard at the times set aside for “COMMENTS REGARDING NON-AGENDA ENGINEERING COMMITTEE ITEMS” or for “COMMENTS REGARDING NON-AGENDA FIC ITEMS.” The public may identify themselves when called on and limit their comments to three minutes.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

Determine need and take action to agendize item(s) which arose subsequent to the posting of the Agenda. (ROLL CALL VOTE: Adoption of this recommendation requires a two-thirds vote of the Board members present, or, if less than two-thirds of the Board members are present, a unanimous vote of those members present.)

FINANCE AND INSURANCE COMMITTEE MEETING

CALL MEETING TO ORDER – Director Vergara

1. Consent Calendar

(All matters under the Consent Calendar will be approved by one motion unless a Board member or a member of the public requests separate action or discussion on a specific item)

- a. Consider approving the minutes of the November 23, 2020 Finance and Insurance Committee meeting (Minutes Included)

Recommended Action: The Board will be requested to approve the subject minutes listed above in the Consent Calendar.

APPROVAL OF ITEMS REMOVED FROM TODAY’S FINANCE AND INSURANCE COMMITTEE CONSENT CALENDAR

The Board will discuss items removed from today’s Finance and Insurance Committee Consent Calendar requiring further discussion.

Recommended Action: The Board will be requested to approve the items removed from today’s Finance and Insurance Committee Consent Calendar.

FINANCIAL ACTION ITEMS

2. **Resolution No. 20-12-1 – Amending the El Toro Water District Deferred Compensation Plan** (Reference Material Included)

Staff will comment on proposed updates and modifications to the El Toro Water District Deferred Compensation Plan.

Recommended Action: Staff recommends that the Board of Directors adopt Resolution No. 20-12-1 adopting the amended and restated El Toro Water District Deferred Compensation Plan.

RESOLUTION NO. 20-12-1

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE EL TORO WATER DISTRICT ADOPTING
THE AMENDED AND RESTATED
EL TORO WATER DISTRICT DEFERRED COMPENSATION PLAN

3. **Resolution No. 20-12-2 – Amending the El Toro Water District Retirement Savings Plan** (Reference Material Included)

Staff will comment on proposed updates and modifications to the El Toro Water District Retirement Savings Plan.

Recommended Action: Staff recommends that the Board of Directors adopt Resolution No. 20-12-2 adopting the amended and restated El Toro Water District Retirement Savings Plan.

RESOLUTION NO. 20-12-2

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE EL TORO WATER DISTRICT ADOPTING
THE AMENDED AND RESTATED
EL TORO WATER DISTRICT RETIREMENT SAVINGS PLAN

4. **Financial Package - Authorization to Approve Bills for Consideration dated December 14, 2020 and Receive and File Financial Statements as of November 30, 2020** (Reference Material Included)

The Board will consider approving the Bills for Consideration dated December 14, 2020 and Receive and File Financial Statements as of November 30, 2020.

Recommended Action: Staff recommends that the Board 1) approve, ratify and confirm payment of those bills as set forth in the schedule of bills for consideration dated December 14, 2020, and 2) receive and file the Financial Statements for the period ending November 30, 2020.

FINANCIAL INFORMATION ITEMS

5. Tiered Water Usage and Revenue Tracking (Reference Material Included)

Staff will review and comment on monthly and year to date Tiered Water Usage and Revenue tracking.

COMMENTS REGARDING NON-AGENDA FIC ITEMS

CLOSE FINANCE AND INSURANCE COMMITTEE MEETING

ENGINEERING COMMITTEE

CALL MEETING TO ORDER – Director Freshley

6. Consent Calendar

(All matters under the Consent Calendar will be approved by one motion unless a Board member or a member of the public requests separate action or discussion on a specific item)

- a. Consider approving the minutes of the November 23, 2020 Engineering Committee meeting. (Minutes Included)

Recommended Action: The Board will be requested to approve the subject minutes.

APPROVAL OF ITEMS REMOVED FROM TODAY'S ENGINEERING COMMITTEE

CONSENT CALENDAR

The Board will discuss items removed from today's Engineering Committee Consent Calendar requiring further discussion.

Recommended Action: The Board will be requested to approve the items removed from today's Engineering Committee Consent Calendar.

ENGINEERING ACTION ITEMS

There are no action items.

ENGINEERING GENERAL INFORMATION ITEMS

7. **El Toro Water District Capital Project Status Report**
(Reference Material Included)

Staff will review and comment on the El Toro Water District Capital Project Status Report.

8. **Santa Ana River Conservation and Conjunctive Use Project (SARCCUP)**
(Oral Report)

Staff will provide an update to the Board on the Santa Ana River Conservation and Conjunctive Use Project.

9. **Engineering Items Discussed at Various Conferences and Meetings**
(Oral Report)

The Committee will discuss any pertinent Engineering items discussed at Conferences.

COMMENTS REGARDING NON-AGENDA ENGINEERING COMMITTEE ITEMS

CLOSE ENGINEERING COMMITTEE MEETING

ATTORNEY REPORT

CLOSED SESSION

At this time the Board will go into Closed Session as follows:

1. At this time the Board will go into Closed Session pursuant to Government Code Section 54956.9 (d) (1) to consult with legal counsel and staff on a matter of pending litigation. *El Toro Water District v. Rossmoor Sanitation, Inc et al and Does 1through 50 inclusive- Orange County Superior Court- Case No. 30-2020-01152257-CU-OR—CJC.*
2. At this time the Board will go into Closed Session pursuant to Government Code Section 54956.9 (d) (1) to consult with legal counsel and staff on a matter of pending litigation. [Class Action] *Kessner et al. v. City of Santa Clara, et al. (Santa Clara County Superior Court - Case No. 20 CV 364054).*

3. At this time the Board will go into Closed Session pursuant to Government Code Section 54956.9 (d) (1) to consult with legal counsel and staff on a matter of pending litigation. *The People of the State of California, acting by and through the Department of Transportation. Plaintiff, vs. Laguna Hills Investment Company, L.P., a Delaware Limited Liability Company, et al., inclusive of El Toro Water District and Does 1 through 20, inclusive. Defendants- Orange County Superior Court- Case No. 30-2020-01140132-CU-EI-CXC.*
4. At this time the Board will go into Closed Session pursuant to Government Code Section 54957(b)(1) to conduct the General Manager's annual performance evaluation.

REGULAR SESSION

REPORT ON CLOSED SESSION (Legal Counsel)

Mr. Granito will provide an oral report on the Closed Session.

10. General Manager Compensation

Board Action: The District's Board of Directors will discuss and consider granting the District's General Manager a compensation increase in the amount and form as determined by the Board.

ADJOURNMENT TO 7:30 a.m., Monday, January 25, 2021.

The agenda material for this meeting is available to the public at the District's Administrative Office, which is located at 24251 Los Alisos Blvd., Lake Forest, Ca. 92630. If any additional material related to an open session agenda item is distributed to all or a majority of the board of directors after this agenda is posted, such material will be made available for immediate public inspection at the same location.

Request for Disability-Related Modifications or Accommodations

If you require any disability-related accommodation, including auxiliary aids or services, in order to participate in this public meeting, please telephone the District's Recording Secretary, Polly Welsch at (949) 837-7050, extension 225 at least forty-eight (48) hours prior to said meeting. If you prefer, your request may be submitted in writing to El Toro Water District, P.O. Box 4000, Laguna Hills, California 92654, Attention: Polly Welsch.

MINUTES OF THE REGULAR MEETING
& OF THE
FINANCE COMMITTEE MEETING

November 23, 2020

At approximately 7:30 a.m. President Monin called the regular meeting to order via Zoom.

Director Freshley led the Pledge of Allegiance to the flag.

Committee Members JOSE F. VERGARA, MARK MONIN, KATHRYN FRESHLEY, MIKE GASKINS, and KAY HAVENS participated.

Also participating were DENNIS P. CAFFERTY, General Manager, JUDY CIMORELL, Human Resources Manager, JASON HAYDEN, CFO, GILBERT J. GRANITO, General Counsel, SCOTT HOPKINS, Operations Superintendent, BOBBY YOUNG, Principal Engineer, DAPHNE MUNOZ, White Nelson Diehl Evans, LLP, and MARY BETH REDDING, Bartel Associates.

POLLY WELSCH, Recording Secretary was absent.

Oral Communications/Public Comments

There were no comments.

Items Received too Late to be Agendized

President Monin asked if there were any items received too late to be agendized.

Mr. Cafferty replied no.

New Employee Introduction

Mr. Cafferty introduced and provided a brief background on new employee, Scott Hopkins, Operations Superintendent.

Finance and Insurance Committee Meeting

Director Vergara called the Finance and Insurance meeting to order.

Consent Calendar

Director Havens asked if we benefit from being members of CASA. Mr. Cafferty replied yes, CASA represents 100 public agencies and it pertains to the public wastewater side, and they hold conferences and legislative advocacy and analysis.

Director Vergara asked if staff participates in the AWWA events. Mr. Cafferty replied that the conference opportunities are a big part of what they do, and he has participated in their national conference. He further stated that they publish a set of standards for public water system components, including valves and floating covers.

Vice President Gaskins stated that he has participated in the CASA conference in Palm Springs and he is in favor of renewing our membership.

President Monin stated that he agrees and feels that the agencies should not be raising their membership fees during this pandemic and virtual events.

Director Vergara asked for a Motion.

Motion: President Monin made a motion, seconded by Director Freshley and unanimously carried across the Board to approve the Consent Calendar.

Roll Call Vote:

Director Havens	aye
Director Freshley	aye
Director Vergara	aye
Vice President Gaskins	aye
President Monin	aye

Financial Information Items

ETWD OPEB GASB 75 Actuarial Valuation

Mr. Cafferty stated that staff previously presented the Other Post-Employment Benefits actuary analysis, and there were some questions about the process, procedure, and the costs.

Mr. Hayden introduced Mary Beth Redding of Bartel Associates who prepared the Actuarial Valuation report.

Ms. Redding introduced herself and gave a brief description of what she does at Bartel Associates. She further stated that their firm does actuarial work primarily for retiree health care for public agencies in California.

Ms. Redding stated that we need to determine how much money we should set aside so it will grow over time and be for the retiree health benefits that all current employees will receive. She further stated that the biggest issue in this calculation is the discount rate for the time value of money and how much it will grow.

Ms. Redding stated that we have to calculate how long the retiree will live, what future health care costs are, and whether current employees are planning to work at the District until they are eligible for retirement, or whether they will leave sooner. She further stated that these are assumptions and all calculations are done in accordance with the new GASB 75 which governs how reporting is to be done for retiree health care costs.

Director Freshley asked how Medicare plays into this. Ms. Redding replied that what they model are the premiums that will be paid by the District for coverage. She further stated that the way those premiums are currently set up is for the employees who are not yet in Medicare are much higher than the premiums for employees who are

eligible for Medicare because it's a supplement plan where the benefits are provided by the insurer after Medicare eligibility.

Director Freshley asked if our obligation becomes less when the employee is over the age of 65. Ms. Redding replied yes, and this is built into the model.

President Monin stated that for the newer members of the Board there was an increase in what we thought our liability was, and he asked why this is higher than our previous actuary. Ms. Redding replied that in last year's presentation it was mainly assumptions, with some implied subsidy which ends up not being huge for the District, but it's an additional liability that is required to be added in.

Director Freshley stated that the actuarial study is based on the assumptions that we make. Ms. Redding replied yes.

Ms. Redding stated that the tables they use are based on CalPers studies of public employees with good health care who tend to live longer, and Californians have the second longest life expectancy of any state in our country.

Vice President Gaskins stated that 60 minutes had a segment on UCI's aging project which was based largely in Laguna Woods, and they are predicting that a child born today is probably going to live to be 102 or 103 based on how the people living in Laguna Woods Village are living their lives. He further stated that this included Dementia and Alzheimer studies too.

Ms. Redding stated that for the employees who retire after the age of 60 and have 20 years of service, the District pays most of the premium depending on which Plan the employee chooses, which will pay either 95% or 90% of the cost of the premium. She further stated that for people hired before 2008 the District will pay for both the employee and spouse, with the health insurance coming from ACWA and is

purely medical with no dental, vision, or life insurance.

Mr. Cafferty stated that the 2008 Board members changed the Plan, and the eligibility requirements for employees hired prior to 2008 was age 55 with 10 years of service, which changed in 2008 to require age 60 with 20 years of service for employees hired after that date.

Ms. Redding stated that there are currently 83 covered employees including retirees and current employees.

Ms. Redding stated that a full valuation is done every other year so as of June 30, 2018 we collected census data and did all of our calculations as of that date which went into the 2019 reporting. She further stated that this year we are doing a roll forward where we basically assume that just for the last year everything went exactly as expected, and these numbers are used for the 2020 reporting.

Ms. Redding stated that one of the most important assumptions we have is the discount rate we assume money will make in the future and since the District is not prefunding, the GASB requires that we use a municipal bond rate which has a 3.5% index rate which is down about 30 basis points from the previous year. She further stated that the rate next year is 2.21%, so the discount rate will go down a lot next year, which means the liabilities increase because we are looking at present values.

President Monin asked if the Index is a National Index. Ms. Redding replied yes, there are about 3 Indexes that are published nationally and meet the requirements of the GASB 75. She further stated that the bond buyer is the most popular for people to use.

Ms. Redding stated that in terms of health care they use an estimate of how much costs are anticipated to increase in the future based on the societies the actuaries

model, which in the short-term they are going up 6.5% a year and should gradually decline to a 4% annual increase.

Ms. Redding stated that demographics are used to determine how long people might live and work. Director Freshley disagreed with this and stated that historical turn rate at the company should be reviewed.

Director Vergara asked if we are committing ourselves to spend money on OPEB or if it would change over time, and be an actual amount instead of an estimate. Ms. Redding replied that the true cost of this plan is going to be the dollar amount of benefits that we actually pay out.

Ms. Redding stated that one of the purposes of the calculations she is doing is to give you an idea of what costs are going to be to pay for benefits in the future, and also on our financial statement estimates.

Mr. Cafferty stated that pre-funding OPEB at some level can have an impact on what the value is of the overall liability, but we are not required to set this money aside each year, or to establish a fund.

Director Freshley stated that when she looks at the balance sheet, we show OPEB as an asset, and how can that be when we don't have money there. Mr. Hayden replied that only a small portion is an asset, which is a deferred amount recognized over the next 5 years.

Ms. Redding stated that service costs are recorded which are the value of benefits that employees have earned during the year. She further stated that assumption changes measures how much the present value went up when the discount changed from 3.87% to 3.5% this year.

President Monin stated that we have several large projects coming up so we need to think about this expense and prioritize projects we need to work on. He then asked what the internal rate of return that goes into pre-funding would be compared to putting money into an asset.

Ms. Redding replied that she would look at the expected rate of return of the fund that we choose, but for these numbers we looked at the PARS balance fund. President Monin stated that we should expect lower rates of return in the future.

Director Vergara stated that we pay our share of the OPEB that we are incurring. He further stated that each of the Directors should meet with Ms. Redding to more clearly understand the OPEB Plan.

Director Havens stated that a 7.5% growth in health care is unsustainable, and perhaps this is the emphasis behind national health care, and if a national health care were to be passed, how would it affect our OPEB obligation. Ms. Redding stated that the strict law now is that if you have an OPEB trust and there is too much money in it, you can't take the money back.

Tiered Water Usage and Revenue Tracking

Mr. Cafferty stated that we are on track with last year's water usage.

Financial Action Items

ETWD Comprehensive Annual Financial Report/Audit – Fiscal Year Ended June 30, 2020

Mr. Hayden stated that he will submit the District's Comprehensive Annual Financial Report (CAFR)-Audit to the District's Independent Auditor, White Nelson Diehl Evans, LLP for fiscal year ended June 30, 2020. He further stated that employees Judy Wilson and Vicki Tanious provided a lot of work on this report and he thanked them for the efforts.

Mr. Hayden stated that Ms. Daphne Munoz from our audit firm is attending today's Zoom meeting. He further stated that the audit opinion for this year is unqualified, which means that it is the highest form of opinion that the audit firm can issue to a District or agency.

Ms. Munoz stated that the report is unmodified, which means that the financial statements of the District are good and a clean opinion from the auditors.

Mr. Hayden stated that the Net Position of the District declined by 2.8% this year from the last fiscal year. He further stated that this was due to depreciation expense and an increase in OPEB liability, which are both non-cash accounting charges that do not reduce the current assets of the District.

Mr. Hayden stated that current assets of the District increased by 3.26%. He further stated that on page 25 of the CAFR report, shows a balance sheet of ratios that show the District is in a good financial situation and is able to meet all of its obligations in the foreseeable future.

Mr. Hayden stated that in looking at the District's liabilities and assets they are represented to offset the depreciation expense and how to deal with the long-term health expense. He further stated that on page 27 of the CAFR report, the Statement of Revenue and Expenses shows \$4.5 million in General Administrative Operating expenses which incorporates a charge for the OPEB liability.

President Monin stated that we looked at previous debt that was at a higher rate and we refinanced the debt, and he asked if we have any current debt that we should consider refinancing. Mr. Hayden replied no because the District has taken advantage of the State loans which carry very low interest rates.

Mr. Hayden stated that on page 28 of the CAFR report, this is showing what happened on a cash perspective in 2020. He further stated from an operating perspective, we are generating a healthy cash flow, and are able to meet the current retirement obligations.

Director Havens asked if the District is holding onto too much cash. Mr. Hayden replied that staff will be reviewing the money market account and consider whether to invest more in securities over the next 1-2 years in order to get better returns.

President Monin stated that the money markets are the lowest he has seen, with CD rates at 5 basis points, but investing also brings risk.

Mr. Hayden stated that the two biggest challenges for the District are the long-term health insurance liability, and re-investing in capital assets.

Ms. Munoz stated that her firm has joined Clifton Larsen Associates (CLA). She further stated that the audit was issued before her firm acquisition.

President Monin asked how big the new firm is, how many staff are there, and where are they located. Ms. Munoz replied that they are a national firm with over 6,000 employees, and the company is number 8 in the nation. She further stated that they have locations all over the country with the home office being in Minneapolis.

Ms. Munoz stated that deferred outflow is related to the OPEB liability which is a mechanism by GASB 75 to smooth the effect of the changes and assumptions. She further stated that with the discount rate the liability increases next year.

Ms. Munoz stated that the Scope of Services performed the agreed-upon quarterly controls and compliance were being met. She further stated that testing account balances were also audited.

Ms. Munoz stated that the financial statements are free from mismanagement although they are not able to give an absolute statement, as there are some statements that were not reviewed.

Mr. Hayden stated that the Additional Communications letter and the report on Auditing Standards are included in the package. He further stated that in the Statistical Information there is a lot of information about the District.

Mr. Hayden stated that the District has received the Certificate of Achievement for Financial Reporting for the past several years from Government Finance Officers Association (GFOR), and we plan to submit for it again this year.

Director Vergara asked for a Motion.

Motion: Vice President Gaskins made a Motion, seconded by Director Freshley and unanimously carried across the Board to receive and file the District's Comprehensive Annual Financial Report (CAFR) – Audit for the fiscal year ended June 30, 2020.

Roll Call Vote:

Director Havens	aye
Director Freshley	aye
Director Vergara	aye
Vice President Gaskins	aye
President Monin	aye

Financial Package – Authorization to Approve Bills for Consideration dated November 23, 2020 and Receive and File Financial Statements as of October 31, 2020

Director Freshley stated that Operating Costs total expenses are different and over budget and she asked why the million dollar difference. Mr. Cafferty replied that there was a small cash flow loss which staff will further investigate and report back.

Director Vergara asked for a Motion.

Motion: Director Freshley made a Motion, seconded by Director Havens and unanimously carried across the Board to approve, ratify, and confirm payment of those bills as set forth in the schedule of bills for consideration dated November 23 2020, and receive and file the Financial statements for the period ending October 31, 2020.

Roll Call Vote:

Director Havens	aye
Director Freshley	aye
Director Vergara	aye
Vice President Gaskins	aye
President Monin	aye

Amendments to the ETWD Retirement Savings Plan and Deferred Compensation Plan

Mr. Cafferty stated that the current Retirement Savings Plan allows the employees the ability to defer compensation to either the 457 Plan which is self-directed, or the 401(k) Plan managed by HighMark. He further stated that the District matching funds go into the 401(k) Plan.

Mr. Cafferty stated that staff is considering an amendment that would allow employees the choice to direct their matching funds to either Plan and to take advantage of opportunities provided in the CARES Act. He further stated that for an employee less than 59 ½ years old if they try to access any of their retirement money, they pay a 10% penalty, but currently the CARES Act has not requested the 10% penalty.

Mr. Cafferty stated that there are further amendments to align the Plans with current practice and law.

Director Havens asked if the employee will be asked to sign something saying that they know they are taking on additional risk. Mr. Cafferty replied that the

Participant Agreement states what they want to do and that the risk is their own responsibility.

Director Vergara asked for a Motion.

Motion: Vice President Gaskins made a Motion, seconded by Director Freshley and unanimously carried across the Board to direct staff to prepare amendments for approval by the Board to the ETWD Retirement Savings Plan and ETWD Deferred Compensation Plan to 1) allow employees the discretion to direct the District's matching funds from salary deferrals to the Retirement Savings Plan (401k) or to the Deferred Compensation Plan (457b), 2) offer employees the option of Corona virus-related distributions per the Corona virus Aid, Relief, and Economic Security Act of 2020 (CARES Act), and 3) make further amendments to align the Plans with current practice and law.

Roll Call Vote:

Director Havens	aye
Director Freshley	aye
Director Vergara	aye
Vice President Gaskins	aye
President Monin	aye

Adjournment

At approximately 9:30 a.m. the Finance Committee was adjourned.

Respectfully submitted,

POLLY WELSCH
Recording Secretary

APPROVED:

MARK L. MONIN, President
of the El Toro Water District and the
Board of Directors thereof

DENNIS P. CAFFERTY, Secretary
of the El Toro Water District and the
Board of Directors thereof



STAFF REPORT

TO: BOARD OF DIRECTORS

MEETING DATE: December 14, 2020

FROM: Dennis Cafferty, General Manager

SUBJECT: Amendments to the El Toro Water District Deferred Compensation Plan

The El Toro Water District retirement plan options consist of two separate plans. The terms and conditions defining each plan are described in two individual plan documents. The two plans are:

- ETWD Retirement Savings Plan (401k Plan)
- ETWD Deferred Compensation Plan (457 Plan)

At the November, 2020 Finance Committee meeting staff led a discussion about proposed amendments to the District's Retirement Savings Plan and Deferred Compensation Plan. These amendments included a proposed modification that would allow employees additional discretion in the direction of the District match for elective compensation deferrals made to the Deferred Compensation Plan as well as an amendment that will allow employees to take advantage of opportunities provided in the CARES Act.

The Board took action in November to direct staff to prepare amendments, for approval by the Board, to the ETWD Retirement Savings Plan and ETWD Deferred Compensation Plan to 1) Allow employees the discretion to direct the District's matching funds from salary deferrals to the Retirement Savings Plan (401k) or to the Deferred Compensation Plan (457); 2) Offer employees the option of Coronavirus-related distributions per the Coronavirus Aid, Relief, and Economic Security Act of 2020 (CARES Act) and 3) make further amendments to align the Plans with current practice and law.

The implementation of the Board direction requires the amendment of both the Retirement Savings Plan and the Deferred Compensation Plan. These amendments are addressed as Item Nos. 2 and 3 on the December 14, 2020 Finance Committee agenda and are proposed to be individually adopted by approval of Resolution 20-12-1 (Deferred Compensation Plan) and Resolution 20-12-2 (Retirement Savings Plan). The proposed amendments are summarized as follows.

Proposed Amendments

Match Investment

The primary difference between the two retirement plan options is the management of the investments. The 401k plan is professionally managed by an investment advisor (HighMark) under contract with the District and guided by the Investment Policy Statement adopted by the District in 2018. The 457 Plan is “self-directed”, allowing each participating employee to manage their own investments and risk/return objectives by selecting from a suite of investments offered by Prudential and determining how to allocate their elective compensation deferrals to the various investments.

The employees may direct their elective deferrals to either or both of the 401k and 457 plans. The District contributes 9% of each employee’s compensation to each employee’s retirement (defined as a profit sharing contribution in the Retirement Savings Plan).

The District also provides matching contributions defined based on the employee’s chosen allocation of the employee’s elective deferrals.

- Matching Contributions are defined as an amount equal to 75% of each employee’s elective deferral to the 401k Plan up to a maximum elective deferral equal to 10% of the employee’s compensation in each pay period.
- Special Matching Contributions are defined as an amount equal to 75% of each employee’s elective deferral to the 457 Plan up to a maximum elective deferral of 10% of the employee’s compensation in each pay period. In no event will the total of Matching Contributions and Special Matching Contributions in the aggregate exceed 7.5% of the employee’s compensation in each pay period.

The 9% profit sharing contribution and the both the Matching Contributions and Special Matching Contributions are currently invested only in the 401k Plan as defined in the Retirement Savings Plan and the Deferred Compensation Plan documents.

The current plans maintain District control over the majority of the employees' retirement investments. Each employee has unique and personal preferences about the management of their investments. Some have chosen to direct all their elective deferrals into the 401k Plan, relying on the professional management of the investments. Others divert most or all of their elective deferrals to the 457 Plan where they can exercise greater control of the investments and seek greater returns while also accepting greater risk.

Staff is proposing amendments to both Plans that would allow employees to direct the Special Matching Contributions either to the 457 Plan or to the 401k Plan at the employee's choice. This amendment would allow those employees who desire more discretion in their personal retirement planning to direct the Special Matching Contributions to the 457 plan while retaining the security of the District managed 401k Plan for the District profit sharing contribution. The amendment would continue to allow employees the choice to direct the Special Matching Contributions to the 401k Plan. The proposed amendment preserves the ability of Employees to rely on the 401k Plan for the current professional management option but also allow employees that are otherwise inclined to self-direct a greater portion of their investment.

The proposed amendment does not change the current direction of the District profit sharing contribution to the 401k Plan.

CARES Act

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief and Economic Security Act (CARES Act). Among other relief, this law allows retirement plans similar to that provided by the District to provide a new form of distribution to eligible individuals affected by the coronavirus to alleviate financial burdens caused by the outbreak of the virus. Eligibility requires employees self-certify they suffer from one of several adverse financial consequences of the coronavirus pandemic.

Specifically, the CARES Act allows coronavirus-related distributions to eligible employees up to an amount of \$100,000 with no early withdrawal penalties. The CARES Act also provides for an increase in the Plan loan limits, for eligible employees, from \$50,000 to \$100,000 and reduces certain loan limitations and repayment period requirements.

In order to make these opportunities available to the District's employees, the District is required to notify Prudential of the District's intent to amend the Plans to incorporate the coronavirus-related distributions.

Additional Amendments

There are a variety of additional miscellaneous amendments to the Plan documents that bring the documents up to date and in compliance with current practice and law.

Summary

The following documents are attached to support the proposed amendment of the El Toro Water District Deferred Compensation Plan.

- Resolution No. 20-12-1
- Clean Deferred Compensation Plan document (Exhibit A to Resolution 20-12-1)
- Redline Deferred Compensation Plan document identifying the proposed revisions

The amended Deferred Compensation Plan has been reviewed by Bruce Ashton of Faegre Drinker Biddle & Reath LLP, the District's legal counsel for the retirement plan documents. Mr. Ashton will attend the December 14 Finance Committee meeting to address any questions the Board might have.

Recommended Action: Staff recommends that the Board of Directors adopt Resolution No. 20-12-1 adopting the amended and restated El Toro Water District Deferred Compensation Plan.

RESOLUTION NO. 20-12-1

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE EL TORO WATER DISTRICT ADOPTING
THE AMENDED AND RESTATED
EL TORO WATER DISTRICT DEFERRED COMPENSATION PLAN

**RESOLUTION NO. 20-12-1
RESOLUTION OF THE BOARD OF DIRECTORS OF
THE EL TORO WATER DISTRICT ADOPTING
THE AMENDED AND RESTATED
EL TORO WATER DISTRICT DEFERRED COMPENSATION PLAN**

The undersigned, being authorized members of the Board of Directors (the "Board") of the El Toro Water District (the "Employer"), do hereby take the following actions and adopt the following resolution:

WHEREAS, the Employer sponsors the El Toro Water District Deferred Compensation Plan, which was originally effective July 31, 1980; and

WHEREAS, the Employer deems it advisable to adopt the amended and restated Deferred Compensation Plan, effective December 14, 2020.

NOW, THEREFORE, BE IT RESOLVED, that pursuant to the amending authority set forth in Chapter 09-2 of the Deferred Compensation Plan, the Deferred Compensation Plan is hereby amended and restated as set forth and attached hereto as Exhibit A, which is incorporated herein by reference, effective as of the dates stated therein; and be it

FURTHER RESOLVED, that the President and Secretary of the Employer are hereby authorized and directed to execute copies of the amended and restated Deferred Compensation Plan for and on behalf of the Employer and to take such action as may be reasonably necessary to implement the amended and restated Deferred Compensation Plan

ADOPTED, SIGNED AND APPROVED, this 14th day of December 2020.

Mark L. Monin, President
El Toro Water District and of the Board of
Directors thereof

ATTEST:

Dennis P. Cafferty, Secretary
El Toro Water District and of
the Board of Directors thereof

EXHIBIT A:

EL TORO WATER DISTRICT DEFERRED COMPENSATION PLAN

(AMENDED & RESTATED EFFECTIVE DECEMBER 14, 2020)

**EL TORO WATER DISTRICT
DEFERRED COMPENSATION PLAN**

(Amended and Restated Effective December 14, 2020)

EL TORO WATER DISTRICT

DEFERRED COMPENSATION PLAN

Chapter 01 PLAN RESTATEMENT

01-1 Plan Restatement. As provided in Section 457 of the Internal Revenue Code of 1986, as amended (hereinafter referred to as the “Code”) the El Toro Water District (hereinafter referred to as the “Plan Sponsor”) hereby amends and restates its Deferred Compensation Plan (hereinafter referred to as the “Plan”) for the employees of the El Toro Water District effective as of December 14, 2020. Nothing contained in this Plan shall be deemed to constitute an employment agreement between the participant and the Plan Sponsor, and nothing contained herein shall be deemed to give a participant any right to be retained in the employ of the Plan Sponsor.

Chapter 02 DEFINITIONS

02-1 Accumulated Deferrals. “Accumulated Deferrals” means Compensation deferred under the Plan, plus Employer Matching Contributions as adjusted until the date of payment by income received, increases or decreases in investment value, fees, and any prior distributions made.

02-2 Beneficiary. “Beneficiary” means a beneficiary of a Participant, a Participant’s estate, or any other person whose interest in the Plan is derived from the Participant.

02-3 Committee. “Committee” means the Committee for the Deferred Compensation Plan appointed by the Plan Sponsor. The Committee, consisting of at least one (1) individual, but not more than nine (9) shall be appointed from time to time by the Employer and subject to removal by the Employer at any time, with or without cause.

02-4 Compensation. “Compensation” means all payments made to an employee by the Plan Sponsor as remuneration for services rendered.

02-5 Deferred Compensation. “Deferred Compensation” means the amount of the Participant’s Compensation which the Participant and the Plan Sponsor shall mutually agree (prior to the date for which such Compensation is earned) will be deferred.

02-6 Eligible Employee. “Eligible Employee” means any person employed by the Plan Sponsor except:

(1) Any person who is a member of a group of employees covered by a collective bargaining agreement between employee representatives and the Plan Sponsor, if there is evidence that retirement benefits were the subject of good faith bargaining between such collective bargaining representative and the Plan Sponsor unless such collective bargaining agreement expressly provides for the inclusion of the such persons as Participants in the Plan;

(2) Any person who is a non-resident alien and receives no earned income from the Plan Sponsor which constitutes income from sources within the United States;

(3) Any “Part Time Employee”; and

(4) Any “Temporary Employee.”

02-7 Employer Matching Contribution. “Employer Matching Contribution” means the amount contributed by the Plan Sponsor in accordance with Chapter 04-2(1).

02-8 Includible Compensation. “Includible Compensation” means includible compensation as defined in Section 457(e)(5) of the Code and as further defined by Treasury Regulation 1.457-2(e)(2) interpreting such Section of the Code, and is determined without regard to community property laws.

(1) Includible Compensation for a taxable year includes only Compensation from the Plan Sponsor that is attributable to services performed for the Plan Sponsor and that is includible in the Participant’s gross income for the taxable year for federal income tax purposes. A Participant’s Includible Compensation for a taxable year does not include an amount payable by the Plan Sponsor that is excludable from the Participant’s gross income under:

(a) Section 457 of the Code;

(b) Section 403(b) of the Code (relating to annuity contracts purchase by nonprofit organizations described in Section 501(c)(3) of the Code or public schools);

(c) Section 105(d) of the Code (relating to wage continuation plans);

(d) Section 911 of the Code (relating to citizens or residents of the United States living abroad;

(e) Section 402(a)(8) or 402 (h)(1)(B) of the Code relating to simplified employee pensions);

(f) Section 501(c)(18) of the Code (relating to certain pension trusts);

(g) Section 401(k) of the Code (relating to qualified cash or deferred arrangements); or

(h) Section 408(p) of the Code (relating to SIMPLE Retirement accounts).

(2) In computing Includible Compensation, total gross Compensation as shown on the entity’s earnings statements must be reduced by:

(a) Pre-tax contributions to retirement plans under Section 414(h) of the Code;
and

(b) Any contributions to cafeteria plan under Section 125 of the Code (including those associated with such items as dependent care salary reduction plans), before excluding the items listed in Chapter 02-8(a) through (h).

02-9 Participant. “Participant” means any Eligible Employee of the Plan Sponsor who executes a Participant Agreement with the Plan Sponsor assenting to the provisions of this Plan.

02-10 Participant Agreement. “Participant Agreement” means the agreement executed and filed by an Eligible Employee with the Plan Sponsor pursuant to Chapter 04 of the Plan, in which the Eligible Employee elects to become a Participant in the Plan.

02-11 Non-Elective Employer Contribution. “Non-Elective Employer Contribution” means the amount contributed by the Plan Sponsor in accordance with Chapter 04-2(2). Effective January 1, 2012, no Non-Elective Employer Contribution shall be made for any Participant.

02-12 Normal Retirement Age. “Normal Retirement Age” as used in the Plan, means the range of ages:

(1) Ending not later than age seventy and one half (70 1/2); and

(2) Beginning not earlier than the earliest age at which the Participant has the right to retire under a Plan Sponsor’s pension plan for which the Participant is eligible without consent of the Plan Sponsor and under which the Participant will receive immediate retirement benefits without actuarial adjustment due to retirement prior to some later specified age in the Plan Sponsor’s pension plan.

02-13 Part Time Employee. Effective February 1, 2016, “Part Time Employee” means any employee who is hired to work less than thirty (30) hours per week.

02-14 Plan Administrator. “Plan Administrator” means the El Toro Water District, a governmental entity in the State of California as described in Section 1.457-2(c)(2) of the Treasury Regulations.

02-15 Plan Sponsor. “Plan Sponsor” means the El Toro Water District, a governmental entity in the State of California as described in Section 1.457-2(c)(2) of the Treasury Regulations.

02-16 “Plan Year” shall mean each twelve (12) month the period ending June 30th. The Plan Year coincides with the dates of each annual legislative session of the Plan Sponsor.

02-17 Savings Plan. “Savings Plan” means the El Toro Water District Retirement Savings Plan.

02-18 Separation from Service. “Separation (or Separates) from Service” means “separation from service” as a term interpreted for purposes of Section 402(e)(4)(A)(iii) of the Code and refers to the severance of the Participants employment with the Plan Sponsor. A Participant will be deemed to have severed their employment as the date of their last payroll.

02-19 Temporary Employee. “Temporary Employee” means any employee who is hired to work for a specific task or a fixed duration of less than twelve (12) months.

02-20 Trust/Trust Agreement. “Trust” or “Trust Agreement” means the trust which the Plan Sponsor has executed on the same date as its adoption of this amended and restated Plan, together with all amendments thereto.

02-21 Trustee. “Trustee” means the person or organization from time to time acting as Trustee under the Trust.

Chapter 03 ADMINISTRATION

03-1 Administration by Committee. This Plan shall be administered by the Committee which shall represent the Plan Sponsor in all matters concerning the administration of the Plan.

03-2 Committee to Adopt Rules & Regulations. The Committee shall have full power and authority to adopt rules and regulations for the administration of the Plan, and to interpret, alter, amend, or revoke any rules and regulations so adopted.

03-3 Committee Action Fair & Reasonable. Every action taken by the Committee shall be presumed to be fair and reasonable exercise of the authority vested in or the duties imposed upon it. The Committee and its individual members shall be deemed to have exercised reasonable care, diligence, and prudence and to have acted impartially as to all persons interested, unless the contrary be proven by affirmative evidence.

03-4 Committee to Maintain Records of Accounts. To facilitate an orderly administration of the Plan, the Committee shall maintain or cause to be maintained a deferred compensation ledger account with respect to each Participant.

03-5 Deferred Compensation Revolving Fund. All Deferred Compensation hereunder may be paid into a special fund created and maintained in accordance with Chapter 13 in the treasury of the Plan Sponsor called the “deferred compensation revolving fund” prior to deposit into the Trust. All costs of administration and staffing of the Plan, expenses of the Committee, and such other amounts determined by the Committee, as permitted by law, may be paid as necessary out of the deferred compensation revolving fund. Amounts in the deferred compensation revolving fund may be invested as directed by the Committee.

Chapter 04 PARTICIPATION IN THE PLAN

04-1 Enrollment. Enrollment in the Plan.

(1) An Eligible Employee may become a Participant by executing a Participant Agreement. Compensation will be deferred for any calendar month only if a Participant Agreement providing for such deferral is executed by the Participant and approved by the Committee or its designee before the beginning of the month.

Notwithstanding the foregoing, effective February 1, 2016, an Eligible Employee may file a Participant Agreement with the Administrator at any time; however, the Participant Agreement

executed by an Eligible Employee may not be effective earlier than its execution date and in no event, earlier than such Eligible Employee's entry date. The Participant Agreement shall apply to Includible Compensation (including increases in Includible Compensation) which is available to the Employee after the effective date of the Participant Agreement.

(2) In signing the Participation Agreement, the Participant elects to participate in this Plan and consents to the Plan Sponsor deferring the amount specified in the Participation Agreement from the Participant's gross Compensation for each pay period. The amount specified must equal at least ten dollars (\$10) per pay period and shall continue until changed or revoked pursuant to Chapter 04-6 or 04-7 of this Plan.

04-2 Employer Matching Contribution, Non-Elective Employer Contribution and Plan-to-Plan Transfer Rules.

(1) **Employer Matching Contribution.** The Plan Sponsor shall make an Employer Matching Contribution, if any, based on each Participant's Deferred Compensation in accordance with the "Special Matching Contributions" formula provided in the Savings Plan. The Employer Matching Contribution, if any, shall be contributed to this Plan or the Savings Plan at the Participant's discretion as directed in the Participant Agreement.

(2) **Non-Elective Employer Contribution.** Effective January 1, 2012, no Non-Elective Employer Contribution shall be made for any Participant.

(3) **Transfer to the Plan.** If a Participant was formerly a participant in an eligible state deferred compensation plan (within the meaning of Section 457 of the Code and the regulations thereunder), and if such plan permits the direct transfer of the Participant's interest therein to the Plan, then the Plan shall accept assets representing the value of such interest; provided, however, the Committee may require in its sole discretion that some or all of such interest be transferred in cash or its equivalent. Such amount shall be held, accounted for, administered, and otherwise treated in that same manner as compensation deferred by the Participant under the Plan except that

(a) Only the amount, if any, transferred to the Plan which was deferred under the transferor plan in the taxable year when transfer occurs, shall be treated as Compensation deferred under the Plan in such year.

(b) No amount may be transferred to the Plan as of the time when such amount is paid or made available under the Section 457 plan of the Participants prior employer.

(4) **Plan-to-Plan Transfer from the Plan.** The amount credited to the account of a former Participant in the Plan may be transferred to another eligible deferred compensation plan (within the meaning of Section 457 of the Code and the regulations thereunder) and in which the former Participant currently participates if such plan provides for the acceptance of such amounts.

(5) **Application for Transfer.** If the conditions in subchapters (1) and (2) of this Chapter 04 are met and the Participant wishes to transfer their account, they shall complete any application form and/or other documents as may be required by the Committee.

(6) **Administrative Rules.** The Committee shall prescribe such rules consistent with the provisions of subchapters (1) and (2) of this Chapter 04 concerning plan-to-plan transfers as in its sole judgment it deems desirable for the administration of the Plan.

04-3 Deferral Limitation.

(1) **Deferred Compensation Limit.** Except as provided in Chapter 04-4, relating to special catch-up, the maximum that may be deferred under the Plan for any taxable year of a Participant shall not exceed the lesser of: (i) the limit set by the Internal Revenue Service in accordance with Section 457 of the Code); or (ii) 100% of a Participant's Includible Compensation.

(2) **Age 50 Catch-Up.** An Eligible Employee who has attained or who will attain age 50 before the close of the applicable Plan Year shall be eligible to make catch-up contributions in accordance with and subject to the limitations of Code Section 414(v). The age 50 catch-up limit is set by the Internal Revenue Service in accordance with Section 457 of the Code.

04-4 Special Catch-up. Within a Participant's last three (3) taxable years ending before attaining Normal Retirement Age, the maximum deferral shall be the lesser of:

(1) Twice the dollar limit stated in Chapter 04-3(1) for the taxable year or

(2) The sum of:

(a) The dollar limit stated in Chapter 04-3(1) for the taxable year determined without regard to this Chapter, plus

(b) The "underutilized dollar limit" from prior taxable years.

A Participant's "underutilized dollar limit" from prior taxable years means the dollar limit stated in Chapter 04-3(1) in effect for each prior taxable year less the amount of such Participant's Deferred Compensation for each such taxable year.

A prior taxable year shall be taken into account only if:

(i) It begins after December 31, 1978;

(ii) The Participant was eligible to participate in the Plan (or an eligible plan sponsored by another employer) during all or any portion of the taxable year; and

(iii) Compensation deferred (if any) under the Plan during the taxable year was subject to a maximum limitation (as established under Chapter 04-3(1)).

In no event can the Participant elect to have the special catch-up provision apply more than once whether or not the full special catch-up had been utilized. This special catch-up provision may not be used in the year in which the Participant attains age seventy one-half (70 1/2), and may not be used in any year thereafter.

04-5 Committee May Disallow Deferral. The Participant acknowledges the right of the Committee to disallow deferral of Compensation under the Plan in excess of the limitations in Chapter 04-3 and 04-4. However, the Committee shall have no duty to ensure that the aggregate amount deferred by a Participant under this Plan and a qualified plan sponsored by another employer is in compliance with such limitations.

04-6 Modification of Deferral or Funding Option(s).

A Participant may modify their deferral or funding option(s) at any time (and with no limit as to the number of modifications in any calendar year) by completing a revised Participant Agreement and such modification shall become effective as soon as administratively feasible after such modification is filed with the Committee. Changes in the amount of deferral must equal at least ten dollars (\$10) or more per funding option per month. A change shall be effective for any calendar month only if the Participant signs a new Participant Agreement and it is approved by the Committee or its designee before the beginning of that calendar month. All Participation Agreements indicating changes in funding option(s) must be filed with the Committee no later than fifteen (15) days prior to the established pay date for which the change will occur. The Committee reserves the right to defer the effective date of any change.

04-7 Suspension and Reinstatement of Deferral.

(1) **Suspension.** A Participant may at any time direct that deferrals under the Participant's Participation Agreement cease by completing the proper form and filing it with the Committee no later than the last day of the payroll period prior to the payroll period during which the deferrals are to cease; however, Accumulated Deferrals shall only be paid as provided in Chapter 05.

(2) **Reinstatement.** A Participant who has directed the cessation of deferrals may resume deferrals for any calendar month commencing no sooner than the month following the close of the next enrollment period by executing a new Participation Agreement to defer Compensation. The waiting period shall not apply to Participants who are on leave without pay as discussed in Chapter 08.

04-8 Investment Options Election. Each Participant shall designate the investment options in which they wish to have their Accumulated Deferrals invested. Such designation shall continue unless changed pursuant to Chapter 04-6. The investment option(s) shall be selected from those options made available for this purpose from time to time by the Plan Administrator. The Plan Administrator may make available as investment options:

(1) A fixed rate investment or pool of investments including deposits with a credit union savings and loan association, mutual savings bank and fixed annuities;

(2) Specified mutual fund shares, shares of an investment company, or variable annuities; or

(3) Fixed or variable life insurance, or any other options permitted by law and selected by the Plan Administrator.

In the event that a selected option experiences a loss, the Participant's Accumulated Deferrals payable hereunder shall likewise reflect a loss for the period.

04-9 Designation of Beneficiaries. Each Participant shall have the right to designate a Beneficiary or Beneficiaries to receive Accumulated Deferrals in the event of Participant's death. If no such designation is in effect upon the death of a Participant, the Beneficiary shall be the surviving spouse, or if none, then the Beneficiary shall be the Participant's estate. A Participant may change their Beneficiary designation at any time by filing a change of beneficiary form with the Committee. A Participant may also change their Beneficiary designation by completing the beneficiary portion of a Participant Agreement form. The Participant may name:

(1) A designated organization or person (including without limitation their unborn or later adopted children.) If unborn or later adopted children are to be included, the designation must so indicate. The date of birth must be furnished for any living person who is named and who is under the age of eighteen.

(2) Their estate.

(3) A trust which is in existence, or which is to be established under the Participant's last will. For an existing trust, the Participant must provide the name of the trust and the date it was established.

The Participant may name contingent Beneficiaries in addition to primary Beneficiaries. Any named Beneficiary must have a Tax I.D. number or a social security number.

A designation of Beneficiary other than the spouse shall be automatically revoked on the marriage or remarriage (other than a common-law marriage) of a Participant and the designation of the spouse as Beneficiary shall be automatically revoked upon any finalized divorce of a Participant subsequent to the date of filing of the designation of the Beneficiary.

Chapter 05 DISTRIBUTIONS

05-1 Distribution Following Separation from Service. After Separation from Service, Accumulated Deferrals shall be paid to the Participant in one or more installments, as elected by the Participant pursuant to Chapters 05-3 through 05-6.

05-2 Distribution in the Event of Death of Participant or Beneficiary.

(1) Should the Participant die at any time, Accumulated Deferrals shall be paid to the Beneficiary or Beneficiaries designated by the Participant pursuant to Chapter 04-9. The Accumulated Deferrals shall be paid out as provided in Chapter 05. If no Beneficiary is designated as provided in the Participation Agreement, or if the Designated Beneficiary does not survive by a period of thirty (30) days, then a lump sum or series of payments shall be paid, in accordance with Chapter 05 to the surviving spouse, or if none, a lump sum shall be paid to the estate of the Participant.

(2) In the event a Beneficiary becomes entitled to receive Accumulated Deferrals but dies prior to the distribution of the total Accumulated Deferrals, Accumulated Deferrals shall become payable to the Beneficiary's estate on the first day of the third month following the Beneficiary's death, unless Accumulated Deferrals are being paid in the form of an annuity, in which case the disposition of the remaining amount shall be determined by the annuity contract. Such annuity contracts shall be issued pursuant to the rules set forth in Chapter 05-4.

05-3 Elections Regarding Distribution. Each Participant (or in the event of death, each Beneficiary other than an organization, estate, or trust) shall elect when their payout will begin and the payout period in accordance with the rules of Code Section 457(d).

(1) **Election Regarding Time of Payment.** The election regarding the time when payment will begin shall be made at any time which is not sooner than one of the following:

- (a) the calendar year in which the Participant attains age 72;
- (b) when the Participant has a Separation from Service; or
- (c) when and to the extent of any unforeseen emergency as defined herein.

(2) **Election Regarding When Payment Will Begin:**

(a) A Participant who Separates from Service other than by reason of death, must make the election not later than sixty (60) days after Separation from Service. Payment may begin on the date nearest the first day of the month in which an election is filed with the Committee on form(s) provided for that purpose, and payment must begin within the time prescribed by Chapter 05-4.

(b) A Beneficiary, other than an organization, estate, or trust, where the Participant was not already receiving payments, makes the election not later than sixty (60) days after the Participant's death. Payment may begin on the date nearest the first day of the month in which the election is filed with the Committee on forms provided for that purpose, and payment must begin within the time prescribed by Chapter 05-4.

(3) **Election Regarding Method of Payment.** The Participant (or Beneficiary other than an organization, estate, or trust) who makes an election regarding the date payment will begin, may also elect the period over which payments will be made. The payout period election may be made either at the time they elect a beginning date for payout or at any time not later than sixty (60) days prior to the date payout is to begin. Once having made this election, the Participant (or Beneficiary, other than an organization, estate, or trust) may change the payout period election not later than sixty (60) days prior to the date payout is to begin. Such a Beneficiary may also make this election where the Participant was already receiving payments but, as provided in Chapter 05-4(3)(a), must receive their distribution at least as rapidly as it was being distributed to the Participant. Such a Beneficiary must make the payout period election not later than sixty (60) days after the death of the Participant and payout will be suspended following the Participant's death until the Beneficiary either makes a payout period election or begins receiving payment as provided in subchapter (4) of this Chapter. Provided, if the Participant was receiving payout in the form of an annuity contract, then the successor's right shall be limited by the terms of that contract.

(4) **How Elections Are Made.** A Participant or Beneficiary may make elections allowed under this Chapter by completing and filing applicable payment request forms with the Committee.

(5) **Consequences in the Absence of a Timely Election Regarding Time of Payment.** Absent a timely election regarding when payout is to begin, payout will begin on the fifteenth day of the month following the month in which the election period ends, and will be made in a lump sum; provided, however, notwithstanding any contrary provision of the Plan, in the event that a distribution is made from the Plan on or after July 1, 2007 because the Participant failed to make a timely election as provided in this Chapter 05-3, then the Plan Administrator will pay the distribution in a direct rollover to an individual retirement plan designated by said Plan Administrator.

(6) **Effects of Certain Employment Changes.** Transfers from the Plan are allowed in the circumstances described in Chapter 04-2(2).

(7) **Consequences in Absence of a Timely Election Regarding Method of Payment.** In the absence of a timely election regarding the period of time over which payment will be made, payment will be made in the manner described in subchapter (5) of this Chapter.

(8) **Payment to an Organization, Estate, or Trust.** Any amount payable to an organization, estate, or trust shall be paid in a lump sum as prescribed in Chapter 05-2.

05-4 Distribution of Accumulated Deferrals. Each Participant's Accumulated Deferrals must be distributed or begin to be distributed no later than the Participant's Required Beginning Date in accordance with the provisions of Article XI of the Retirement Savings Plan.

05-5 De Minimis Accounts (In-Service Distribution). Notwithstanding any other provision in the Plan, if: (a) the total amount payable to a Participant under the Plan does not exceed \$5,000; and (b) such Participant has not made any deferrals under the Plan during the preceding two-year period, such Participant's Accumulated Deferrals may be distributed to him, provided that no amounts have been previously distributed to him under this Chapter 05-5.

05-6 Eligible Rollover Rules. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election hereunder, a distributee may elect, at that time and in the manner prescribed by the Plan Administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

(1) **Eligible rollover distribution:** An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; and the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities).

(2) **Eligible retirement plan:** An eligible retirement plan is an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, or a qualified trust described in Section 401(a) of the Code, that accepts the distributee's eligible rollover distribution. An eligible deferral compensation plan described in Section 457(b) which is maintained by an eligible employer described in Section 457(e)(1)(A) and an annuity contract described in Section 403(b).

(3) **Distributee:** A distributee includes an employee or former employee. In addition, the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, are distributees with regard to the interest of the spouse or former spouse.

(4) **Direct rollover:** A direct rollover is a payment by the plan to the eligible retirement plan specified by the distributee.

05-7 Vesting. Participants shall always be immediately 100% vested in Deferred Compensation and Employer Non-Elective Contributions made to the Plan.

Chapter 06

UNFORESEEABLE EMERGENCY

06-1 Unforeseeable Emergency. Notwithstanding any other provisions in the Plan, in the event of an unforeseeable emergency, a Participant or a Beneficiary entitled to Accumulated Deferrals may request the Committee to pay out a portion of Accumulated Deferrals. If the Application for payment is approved by the Committee, payment will be made within sixty (60) days following such an approval. The amount paid shall be limited strictly to that amount reasonably necessary to satisfy the emergency need. For purposes of this Plan an unforeseeable emergency shall be severe financial hardship to the Participant resulting from:

(1) A sudden and unexpected illness or accident of the Participant or of a dependent (as defined in Section 152(a) of the Code) of the Participant;

(2) Loss of the Participant's property due to casualty; or

(3) Other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

The circumstance that will constitute as unforeseeable emergency will depend upon the facts of each case, but in any case, payment shall not be made to the extent that such hardship is or may be relieved: (a) through reimbursement or compensation by insurance or otherwise; (b) by liquidation of the Participant's assets, to the extent liquidation of such assets would not itself cause severe financial hardship; or (c) by cessation of deferrals under the Plan. Examples of what shall not be considered to the unforeseeable emergencies include the need to send a Participant's child to college or the desire to purchase a home.

Chapter 07
QUALIFIED DOMESTIC RELATIONS ORDERS

07-1 QDRO. The rules governing “Qualified Domestic Orders” (“QDROs”) set forth in Code Section 414(p) shall apply to this Plan.

07-2 Code Section 414(p). In order to constitute a QDRO, a distribution or payment from this Plan must be made pursuant to a domestic relation order which meets the requirements of clause (i) of paragraph (1)(A) of Section 414(p).

07-3 Rules. If a distribution or payment is made from this Plan pursuant to a QDRO rules similar to those in Section 402(e)(1)(A) shall apply.

Chapter 08
LEAVE OF ABSENCE

08-1 Leave of Absence. If a Participant is on an approved leave of absence with pay from the Plan Sponsor, such Participant shall continue to contribute Deferred Compensation in the Plan, unless such Participant elections to suspend such Deferred Compensation in accordance with Chapter 04-7(1). If a Participant is on an approved leave of absence without pay from the Plan Sponsor, Deferred Compensation, in accordance with the Participant Agreement in effective immediately prior to such leave, shall automatically resume upon return to active employment with the Plan Sponsor and no waiting period shall apply pursuant to Chapter 04-7(2). A Participant on an approved leave of absence with or without pay from the Plan Sponsor shall not be eligible for distributions under Chapter 05.

Chapter 09
AMENDMENT OR TERMINATION OF PLAN

09-1 Termination of Plan. The Plan Sponsor or the Committee may at any time terminate the Plan. Upon such termination, Accumulated Deferrals will be paid pursuant to Chapter 05 of the Plan. All Participants’ deferrals will cease.

09-2 Amendment of Plan. The Committee may also amend the provisions of this Plan at any time; provided, however, that no amendment shall affect the rights of Participants or their Beneficiaries regarding Accumulated Deferrals at the time of the amendment.

09-3 Reasons for Amendment. The Plan Sponsor may from time to time find it necessary to change or amend this Plan, if required by Treasury Regulations, Federal statute, State law or regulations, or as a result of operational experience.

09-4 Procedure for Amendment. If and when an amendment to the Plan is proposed, the Committee shall notify all Participants, in writing, prior to any actual amendment to the Plan, that an amendment will be made, what the proposed amendment will be, why it is being done, and what the likely impact, if any, there will be on the Participants as a result of the proposed amendment. If the proposed Plan amendment will have any adverse effect or impact on any or all Participants, each Participant adversely affected shall have the right to modify their Participation Agreement as necessary to reduce or eliminate any foreseen adverse impact on their Accumulated Deferrals. No amendments to the Plan shall affect the amount of Accumulated Deferrals which at

the time of such amendment shall have accrued for Participants or Beneficiaries, to the extent of any Compensation deferred before the time of amendment and net income thereon accrued to the date of amendment.

Chapter 10 RELATIONSHIP TO OTHER PLANS

10-1 Retirement and Social Security Not Reduced. It is intended that, pursuant to Section 457 the Code, the amount of Deferred Compensation will not be considered as current compensation for purposes of federal income taxation. Such amounts will, however, be included as compensation in determining benefits or rights under the Plan Sponsor's group insurance, other retirement plans and FICA.

Chapter 11 TRANSFER IN LIEU OF CASH

11-1 Assets in Lieu of Cash. Upon the occurrence of any event requiring the payment of Accumulated Deferrals under this plan, the Committee may, in its sole discretion, elect to honor a request from the Participant to substitute the transfer in kind and assignment of any asset which the Trust has acquired, at fair market value.

Chapter 12 EXCLUSIVE BENEFIT AND NON-ASSIGNABILITY

12-1 Exclusive Benefit. The Trust will be held for the exclusive benefit of Participants and their Beneficiaries. Except as otherwise provided in the Plan, it shall be impermissible under any circumstances at any time for any part of the corpus or income of the Trust to be used for, or diverted to purposes other than for the exclusive benefit of Participant and their Beneficiaries.

12-2 Accumulated Deferrals Not Assignable. It is agreed that neither the Participant, nor the Participant's Beneficiary or Beneficiaries, nor any other designee, shall have any right to commute, sell, assign, transfer, or otherwise convey the right to receive any payments hereunder, which payments and right thereto are expressly declared to be nonassignable and nontransferable, and in the event of attempt to assign or transfer, the Plan Sponsor shall have no further liability hereunder, nor shall any unpaid Accumulated Deferrals be subject to attachment, garnishment or execution, or be transferable by operation of law in event of bankruptcy, dissolution of marriage, or insolvency, except to the extent otherwise required by law.

Chapter 13 ASSETS

13-1 Plan Assets. All amounts of Compensation deferred under the Plan, all property and rights to property (including rights as a Beneficiary of a contract providing life insurance protection) purchased with such amounts, and all income attributed to such amounts, property or rights to property, including the deferred compensation revolving fund provided for in Chapter 03-5, shall be held in one or more trusts, and/or custodial accounts or insurance contracts described in section 401(f) of the Code, for exclusive benefit of Participants and their Beneficiaries.

Chapter 14
PARTICIPATION BY COMMITTEE MEMBERS

14-1 Participation by Committee Members. Members of the Committee, who are otherwise eligible, may participate in the Plan under the same terms and conditions as apply to other Participants but an individual member shall not participate in any Committee action taken with respect to that member's participation.

Chapter 15
PLAN SPONSOR PARTICIPATION

15-1 Plan Sponsor Contributions. The Plan Sponsor may, pursuant to a changed or new Participation Agreement filed by a Participant as specified in Chapters 04-6 or 04-7, add additional Deferred Compensation for services to be rendered by the Participant to the Plan Sponsor during any calendar month, provided:

(1) The Participant has elected to have such additional Compensation deferred, invested, and distributed, pursuant to this Plan, prior to the calendar month in which the Compensation is earned; and

(2) Such additional Deferred Compensation, when added to all other Deferred Compensation under the Plan, does not exceed the maximum deferral permitted by Chapter 04.

Chapter 16
INVESTMENT RESPONSIBILITY

16-1 Investment Responsibility. The Plan Sponsor shall invest funds held pursuant to Participation Agreements between Participant and the Plan Sponsor in accordance with requests made by each Participant among the investment options provided. Any action by the Committee in investing funds, or approving of any such investment of funds shall not be considered to be either an endorsement or guarantee of any investment, nor shall it be considered to attest to the financial soundness or the suitability of any funding option for the purpose of meeting future obligations.

Chapter 17
COMMITTEE POWERS

17-1 Plan Prevails. In the event any form or other document used in administering this Plan, including but not limited to enrollment forms and marketing materials, conflict with the terms of the Plan, the terms of the Plan shall prevail.

17-2 Decision Binding. The Committee is authorized to determine any matters concerning the rights of any Participant or any other person under this Plan and such determination shall be binding on all interested persons.

17-3 Committee to Interpret. The Committee is authorized to construe this Plan and resolve any ambiguity in the Plan. The Plan and any form or other document used in administering the Plan shall be interpreted, and this Plan shall be administered so as to comply with Sections 457 of the Code and the Treasury Regulations promulgated thereunder.

17-4 Tax Status Not Guaranteed. The Committee does not represent or guarantee that any particular federal or state income, payroll, personal property, or other tax consequences will occur because of the Participant's participation in this Plan. The Participant should consult with the Participant's own representative regarding all questions of federal or state income, payroll, personal property of other tax consequences arising from participation in this Plan.

17-5 Committee May Require Court Order. The Committee or the Plan Sponsor, if in doubt concerning the correctness of their action in making a payment of Accumulated Deferrals, may suspend payment until satisfied as to the correctness of the payment or the person to receive the payment or to allow the filing in any court of competent jurisdiction of a civil action seeking a determination of the amounts to be paid and the person to receive them. The Committee and the Plan Sponsor shall comply with the final orders in any such suit and the Participant and/or the Participant's Beneficiary or Beneficiaries shall be bound thereby. Whenever payment of Accumulated Deferrals is suspended pursuant to this chapter, the time for a Participant or Beneficiary making any election under Chapter 05-3 shall not begin until the court judgment that has become final.

17-6 Delegation of Authority. The Committee may delegate its functions to be performed under this Plan to any designee with legal authority to perform such functions.

Chapter 18 APPLICABLE LAW

18-1 Plan to Conform to Federal and State Laws. The Plan is intended to be an eligible state deferred compensation plan within the meaning of Section 457 of the Code, and Treasury Regulation 1.457-2(a), and to comply with applicable state law, and shall be interpreted accordingly.

Chapter 19 TRUSTEE AND TRUST

19-1 Trust. The Trustee shall invest, reinvest, hold and distribute Trust assets, and the income and gains therefrom, in accordance with the provisions of the Trust Agreement established by the Plan Sponsor as part of this Plan.

19-2 Acceptance. The Trustee, or any successor or successors accepts the Trust created and agrees to perform the obligations imposed by the Trust. The Trustee's duties and responsibilities shall be performed in accordance with, and as necessary limited to comply with applicable law.

19-3 Receipt of Contributions. The Trustee shall be accountable to the Plan Sponsor for the funds contributed to it by the Plan Sponsor, but shall have no duty to see that the contributions received comply with provisions of the Plan. The Trustee shall be neither obliged to collect any contributions from the Plan Sponsor, nor to see funds deposited with it are deposited according to the provisions of the Plan.

19-4 Records and Statements. The records of the Trustee pertaining to the Plan shall be open to the inspection of the Plan Sponsor and the Committee at all reasonable times and may be audited from time to time by any person or persons as the Plan Sponsor or Committee may specify in writing. The Trustee shall furnish the Committee or the Plan Sponsor with whatever information relating to the Trust the Committee or the Plan Sponsor considers necessary.

19-5 Trust Fees and Expenses. The Trustee shall receive reasonable annual compensation as may be agreed upon from time to time between the Plan Sponsor and the Trustee. The Trustee shall pay all expenses reasonably incurred by it or by the Plan Sponsor, the Committee, or other professional advisors or administrators in the administration of the Plan from the Trust unless the Plan Sponsor pays the expenses. The Committee shall not treat any fee or expense paid, directly or indirectly, by the Plan Sponsor as a Plan Sponsor contribution.

19-6 Distribution of Cash or Property. The Trustee may make distribution under the Plan in cash or property, or partly in each, at its fair market value as determined by the Trustee.

19-7 Resignation. The Trustee may resign at any time as Trustee of the Plan by giving thirty (30) days written notice in advance to the Plan Sponsor and to the Committee.

19-8 Removal. The Plan Sponsor, by giving thirty (30) days written notice in advance to the Trustee, may remove any Trustee.

19-9 Interim Duties and Successor Trustee. In the event of the resignation or removal of a Trustee, the Plan Sponsor shall appoint a successor Trustee if it intends to continue the Plan. During any period of the selection of a Trustee is pending, or during any period a Trustee is unable to serve for any reason, the remaining Trustee or Trustee(s), if any, shall act as the sole Trustee or as the only Trustee(s) of the Trust created under the Trust Agreement. If no Trustee remains during any paid period the selection of a Trustee is pending, the Plan Sponsor shall act as Trustee until a successor Trustee is selected.

Each successor Trustee shall succeed to the title to the Trust vested in their predecessor by accepting in writing their appointment as successor Trustee and filing the acceptance with the former Trustee and the Committee without the signing or filing of any further statement. The resigning or removed Trustee, upon receipt of acceptance in writing of the Trust by the successor Trustee, shall execute all documents and do all acts necessary to vest the title of record in any successor Trustee. Each successor Trustee shall have and enjoy all of the powers, discretionary and ministerial, conferred under the Trust Agreement upon their predecessor. No successor Trustee shall be personally liable for any act or failure to act of any predecessor Trustee. With the approval of the Plan Sponsor and the Committee, a successor Trustee, with respect to the Plan may accept the account rendered and the property delivered to it by a predecessor Trustee without incurring any liability or responsibility for so doing.

19-10 Valuation of Trust. The Trustee shall value the Trust as of the last day of each calendar year and at such other times as the Committee may direct to determine the fair market value of each Participant’s Accumulated Deferrals, and the Trustee shall value the Trust on such other date(s) as directed by the Committee.

Chapter 20 TEMPORARY CARES ACT PROVISIONS

20-1 Coronavirus-Related Distributions. A COVID Qualifying Participant (as defined in Section 20-2) may elect to withdraw during the period beginning on January 1, 2020 and ending December 31, 2020, all or a portion of the vested amount in his or her Account provided that the total amount of such “Coronavirus-Related Distribution” (within the meaning of section 2202(a)(4)(A) of the CARES Act (as defined in subsection (C)) under the Plan and any other plan maintained by the Employer shall not exceed \$100,000.

The election by a COVID Qualifying Participant to withdraw or make a contribution of a Coronavirus-Related Distribution shall be made in accordance with any reasonable procedures adopted by the Employer (which may, for example, include limitations on the frequency of such withdrawals).

20-2 Definitions.

(1) “CARES Act” means The Coronavirus Aid, Relief and Economic Security Act.

(2) “COVID Qualifying Participant” means a Participant who (a) who is diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (COVID-19) by a test approved by the Centers for Disease Control and Prevention (including a test authorized under the Federal Food, Drug, and Cosmetic Act); (b) whose spouse or dependent (as defined in section 152 of the Code) is diagnosed with COVID-19 by such a test; or (c) who experiences adverse financial consequences as a result of (1) being quarantined, being furloughed or laid off, or having work hours reduced due to COVID-19, (2) being unable to work due to lack of child care due to COVID-19, (3) closing or reducing hours of a business owned or operated by the individual due to COVID-19, (4) having a reduction in pay (or self-employment income) due to COVID-19, (5) having a job offer rescinded or start date for a job delayed due to COVID-19; (6) the Participant’s spouse or a member of the Participant’s household (as defined below) experiencing any of the events listed in (1) – (6) above; or (7) other factors as determined by the Secretary of the Treasury (or the Secretary’s delegate). For purposes of this section, an individual is a member of the Participant’s household if the individual shares the Participant’s principal residence. To the extent permitted under applicable law, the Employer may rely on a Participant’s certification that he or she satisfies the conditions of the preceding sentence.

IN WITNESS WHEREOF, this Plan is executed on December _____, 2020.

“Plan Sponsor”

EL TORO WATER DISTRICT

By _____

By _____

**EL TORO WATER DISTRICT
DEFERRED COMPENSATION PLAN**

REDLINE

EL TORO WATER DISTRICT DEFERRED COMPENSATION PLAN

(Amended and Restated Effective ~~February 1, 2016~~December 14, 2020)

EL TORO WATER DISTRICT

DEFERRED COMPENSATION PLAN

Chapter 01 PLAN RESTATEMENT

01-1 Plan Restatement. As provided in Section 457 of the Internal Revenue Code of 1986, as amended (hereinafter referred to as the “Code”) the El Toro Water District (hereinafter referred to as the “Plan Sponsor”) hereby amends and restates its Deferred Compensation Plan (hereinafter referred to as the “Plan”) for the employees of the El Toro Water District effective as of ~~February 1, 2016~~December 14, 2020. Nothing contained in this Plan shall be deemed to constitute an employment agreement between the participant and the Plan Sponsor, and nothing contained herein shall be deemed to give a participant any right to be retained in the employ of the Plan Sponsor.

Chapter 02 DEFINITIONS

02-1 Accumulated Deferrals. “Accumulated Deferrals” means Compensation deferred under the Plan, plus Employer Matching Contributions as adjusted until the date of payment by income received, increases or decreases in investment value, fees, and any prior distributions made.

02-2 Beneficiary. “Beneficiary” means a beneficiary of a Participant, a Participant’s estate, or any other person whose interest in the Plan is derived from the Participant.

02-3 Committee. “Committee” means the Committee for the Deferred Compensation Plan appointed by the Plan Sponsor. The Committee, consisting of at least one (1) individual, but not more than nine (9) shall be appointed from time to time by the Employer and subject to removal by the Employer at any time, with or without cause.

02-4 Compensation. “Compensation” means all payments made to an employee by the Plan Sponsor as remuneration for services rendered.

02-5 Deferred Compensation. “Deferred Compensation” means the amount of the Participant’s Compensation which the Participant and the Plan Sponsor shall mutually agree (prior to the date for which such Compensation is earned) will be deferred.

02-6 Eligible Employee. “Eligible Employee” means any person employed by the Plan Sponsor except:

(1) Any person who is a member of a group of employees covered by a collective bargaining agreement between employee representatives and the Plan Sponsor, if there is evidence that retirement benefits were the subject of good faith bargaining between such collective bargaining representative and the Plan Sponsor unless such collective bargaining agreement expressly provides for the inclusion of the such persons as Participants in the Plan;

(2) Any person who is a non-resident alien and receives no earned income from the Plan Sponsor which constitutes income from sources within the United States;

(3) Any “Part Time Employee”; and

(4) Any “Temporary Employee.”

02-7 Employer Matching Contribution. “Employer Matching Contribution” means the amount contributed by the Plan Sponsor in accordance with Chapter 04-2(1).

02-8 Includible Compensation. “Includible Compensation” means includible compensation as defined in Section 457(e)(5) of the Code and as further defined by Treasury Regulation 1.457-2(e)(2) interpreting such Section of the Code, and is determined without regard to community property laws.

(1) Includible Compensation for a taxable year includes only Compensation from the Plan Sponsor that is attributable to services performed for the Plan Sponsor and that is includible in the Participant’s gross income for the taxable year for federal income tax purposes. A Participant’s Includible Compensation for a taxable year does not include an amount payable by the Plan Sponsor that is excludable from the Participant’s gross income under:

(a) Section 457 of the Code;

(b) Section 403(b) of the Code (relating to annuity contracts purchase by nonprofit organizations described in Section 501(c)(3) of the Code or public schools);

(c) Section 105(d) of the Code (relating to wage continuation plans);

(d) Section 911 of the Code (relating to citizens or residents of the United States living abroad;

(e) Section 402(a)(8) or 402 (h)(1)(B) of the Code relating to simplified employee pensions);

(f) Section 501(c)(18) of the Code (relating to certain pension trusts);

(g) Section 401(k) of the Code (relating to qualified cash or deferred arrangements); or

(h) Section 408(p) of the Code (relating to SIMPLE Retirement accounts).

(2) In computing Includible Compensation, total gross Compensation as shown on the entity’s earnings statements must be reduced by:

(a) Pre-tax contributions to retirement plans under Section 414(h) of the Code; and

(b) Any contributions to cafeteria plan under Section 125 of the Code (including those associated with such items as dependent care salary reduction plans), before excluding the items listed in Chapter 02-8(a) through (h).

02-9 Participant. “Participant” means any Eligible Employee of the Plan Sponsor who executes a Participant Agreement with the Plan Sponsor assenting to the provisions of this Plan.

02-10 Participant Agreement. “Participant Agreement” means the agreement executed and filed by an Eligible Employee with the Plan Sponsor pursuant to Chapter 04 of the Plan, in which the Eligible Employee elects to become a Participant in the Plan.

02-11 Non-Elective Employer Contribution. “Non-Elective Employer Contribution” means the amount contributed by the Plan Sponsor in accordance with Chapter 04-2(2). Effective January 1, 2012, no Non-Elective Employer Contribution shall be made for any Participant.

02-12 Normal Retirement Age. “Normal Retirement Age” as used in the Plan, means the range of ages:

(1) Ending not later than age seventy and one half (70 1/2); and

(2) Beginning not earlier than the earliest age at which the Participant has the right to retire under a Plan Sponsor’s pension plan for which the Participant is eligible without consent of the Plan Sponsor and under which the Participant will receive immediate retirement benefits without actuarial adjustment due to retirement prior to some later specified age in the Plan Sponsor’s pension plan.

02-13 Part Time Employee. Effective February 1, 2016, “Part Time Employee” means any employee who is hired to work less than thirty (30) hours per week.

02-14 Plan Administrator. “Plan Administrator” means the El Toro Water District, a governmental entity in the State of California as described in Section 1.457-2(c)(2) of the Treasury Regulations.

02-15 Plan Sponsor. “Plan Sponsor” means the El Toro Water District, a governmental entity in the State of California as described in Section 1.457-2(c)(2) of the Treasury Regulations.

02-16 “Plan Year” shall mean each twelve (12) month the period ending June 30th. The Plan Year coincides with the dates of each annual legislative session of the Plan Sponsor.

02-17 Savings Plan. “Savings Plan” means the El Toro Water District Retirement Savings Plan.

02-18 Separation from Service. “Separation (or Separates) from Service” means “separation from service” as a term interpreted for purposes of Section 402(e)(4)(A)(iii) of the Code and refers to the severance of the Participants employment with the Plan Sponsor. A Participant will be deemed to have severed ~~his-their-or-her~~ employment as the date of ~~his-or-her~~their last payroll.

02-19 Temporary Employee. “Temporary Employee” means any employee who is hired to work for a specific task or a fixed duration of less than twelve (12) months.

02-20 Trust/Trust Agreement. “Trust” or “Trust Agreement” means the trust which the Plan Sponsor has executed on the same date as its adoption of this amended and restated Plan, together with all amendments thereto.

02-21 Trustee. “Trustee” means the person or organization from time to time acting as Trustee under the Trust.

Chapter 03 ADMINISTRATION

03-1 Administration by Committee. This Plan shall be administered by the Committee which shall represent the Plan Sponsor in all matters concerning the administration of the Plan.

03-2 Committee to Adopt Rules & Regulations. The Committee shall have full power and authority to adopt rules and regulations for the administration of the Plan, and to interpret, alter, amend, or revoke any rules and regulations so adopted.

03-3 Committee Action Fair & Reasonable. Every action taken by the Committee shall be presumed to be fair and reasonable exercise of the authority vested in or the duties imposed upon it. The Committee and its individual members shall be deemed to have exercised reasonable care, diligence, and prudence and to have acted impartially as to all persons interested, unless the contrary be proven by affirmative evidence.

03-4 Committee to Maintain Records of Accounts. To facilitate an orderly administration of the Plan, the Committee shall maintain or cause to be maintained a deferred compensation ledger account with respect to each Participant.

03-5 Deferred Compensation Revolving Fund. All Deferred Compensation hereunder may be paid into a special fund created and maintained in accordance with Chapter 13 in the treasury of the Plan Sponsor called the “deferred compensation revolving fund” prior to deposit into the Trust. All costs of administration and staffing of the Plan, expenses of the Committee, and such other amounts determined by the Committee, as permitted by law, may be paid as necessary out of the deferred compensation revolving fund. Amounts in the deferred compensation revolving fund may be invested as directed by the Committee.

Chapter 04 PARTICIPATION IN THE PLAN

04-1 Enrollment. Enrollment in the Plan.

(1) An Eligible Employee may become a Participant by executing a Participant Agreement. Compensation will be deferred for any calendar month only if a Participant Agreement providing for such deferral is executed by the Participant and approved by the Committee or its designee before the beginning of the month.

Notwithstanding the foregoing, effective February 1, 2016, an Eligible Employee may file a Participant Agreement with the Administrator at any time; however, the Participant Agreement

executed by an Eligible Employee may not be effective earlier than its execution date and in no event, earlier than such Eligible Employee's entry date. The Participant Agreement shall apply to Includible Compensation (including increases in Includible Compensation) which is available to the Employee after the effective date of the Participant Agreement.

(2) In signing the Participation Agreement, the Participant elects to participate in this Plan and consents to the Plan Sponsor deferring the amount specified in the Participation Agreement from the Participant's gross Compensation for each pay period. The amount specified must equal at least ten dollars (\$10) per pay period and shall continue until changed or revoked pursuant to Chapter 04-6 or 04-7 of this Plan.

04-2 Employer Matching Contribution, Non-Elective Employer Contribution and Plan-to-Plan Transfer Rules.

(1) **Employer Matching Contribution.** The Plan Sponsor shall make an Employer Matching Contribution, if any, based on each Participant's Deferred Compensation in accordance with the "Special Matching Contributions" formula provided in the Savings Plan. The Employer Matching Contribution, if any, shall be contributed to ~~the the Deferred Compensation this Plan or the Savings Plan~~ at the Participant's employee's discretion as directed in the Participant Agreement.

(2) **Non-Elective Employer Contribution.** Effective January 1, 2012, no Non-Elective Employer Contribution shall be made for any Participant, ~~except as provided in Appendix A.~~

(3) **Transfer to the Plan.** If a Participant was formerly a participant in an eligible state deferred compensation plan (within the meaning of Section 457 of the Code and the regulations thereunder), and if such plan permits the direct transfer of the Participant's interest therein to the Plan, then the Plan shall accept assets representing the value of such interest; provided, however, the Committee may require in its sole discretion that some or all of such interest be transferred in cash or its equivalent. Such amount shall be held, accounted for, administered, and otherwise treated in that same manner as compensation deferred by the Participant under the Plan except that

(a) Only the amount, if any, transferred to the Plan which was deferred under the transferor plan in the taxable year when transfer occurs, shall be treated as Compensation deferred under the Plan in such ~~near~~ year.

(b) No amount may be transferred to the Plan as of the time when such amount is paid or made available under the Section 457 plan of the Participants prior employer.

(4) **Plan-to-Plan Transfer from the Plan.** The amount credited to the account of a former Participant in the Plan may be transferred to another eligible deferred compensation plan (within the meaning of Section 457 of the Code and the regulations thereunder) and in which the former Participant currently participates if such plan provides for the acceptance of such amounts.

(5) **Application for Transfer.** If the conditions in subchapters (1) and (2) of this Chapter 04 are met and the Participant wishes to transfer ~~his/her~~ their account, ~~he/she~~ they shall complete any application form and/or other documents as may be required by the Committee.

(6) **Administrative Rules.** The Committee shall prescribe such rules consistent with the provisions of subchapters (1) and (2) of this Chapter 04 concerning plan-to-plan transfers as in its sole judgment it deems desirable for the administration of the Plan.

04-3 Deferral Limitation.

(1) **Deferred Compensation Limit.** Except as provided in Chapter 04-4, relating to special catch-up, the maximum that may be deferred under the Plan for any taxable year of a Participant shall not exceed the lesser of: (i) the limit set by the Internal Revenue Service in accordance with Section 457 of the Code \$18,000 for 2016 (thereafter adjusted for cost of living annually); or (ii) 100% of a Participant's Includible Compensation.

(2) **Age 50 Catch-Up.** An Eligible Employee who has attained or who will attain age 50 before the close of the applicable Plan Year shall be eligible to make catch-up contributions in accordance with and subject to the limitations of Code Section 414(v). The age 50 catch-up limit is set by the Internal Revenue Service in accordance with Section 457 of the Code \$6,000 for 2016 (thereafter adjusted for cost of living annually).

04-4 Special Catch-up. Within a Participant's last three (3) taxable years ending before attaining Normal Retirement Age, the maximum deferral shall be the lesser of:

(1) Twice the dollar limit stated in Chapter 04-3(1) for the taxable year (i.e., \$36,000 in 2016 and thereafter, adjusted for cost of living annually); or

(2) The sum of:

(a) The dollar limit stated in Chapter 04-3(1) for the taxable year (i.e., \$36,000 in 2016 and thereafter, adjusted for cost of living annually) determined without regard to this Chapter, plus

(b) The "underutilized dollar limit" from prior taxable years.

A Participant's "underutilized dollar limit" from prior taxable years means the dollar limit stated in Chapter 04-3(1) in effect for each prior taxable year less the amount of such Participant's Deferred Compensation for each such taxable year.

A prior taxable year shall be taken into account only if:

(i) It begins after December 31, 1978;

(ii) The Participant was eligible to participate in the Plan (or an eligible plan sponsored by another employer) during all or any portion of the taxable year; and

(iii) Compensation deferred (if any) under the Plan during the taxable year was subject to a maximum limitation (as established under Chapter 04-3(1)).

In no event can the Participant elect to have the special catch-up provision apply more than once whether or not the full special catch-up had been utilized. This special catch-up provision may not

be used in the year in which the Participant attains age seventy one-half (70 1/2), and may not be used in any year thereafter.

04-5 Committee May Disallow Deferral. The Participant acknowledges the right of the Committee to disallow deferral of Compensation under the Plan in excess of the limitations in Chapter 04-3 and 04-4. However, the Committee shall have no duty to ensure that the aggregate amount deferred by a Participant under this Plan and a qualified plan sponsored by another employer is in compliance with such limitations.

~~**04-6 Modification of Deferral or Funding Option(s).** A Participant may change his/her deferral or funding option(s) during an open enrollment period. Funding option(s) may not be changed more than four (4) times in any calendar year, or a fee may be charged. Changes in the amount of deferral must equal at least ten dollars (\$10) or more per funding option per month. (Beneficiaries entitled to receive Accumulated Deferrals may also change funding options not more than four (4) times per year.) Any combination of a decrease, a transfer, or a change in funding option(s) effective the same date, shall be considered one change. A change (whether counted as such or not) shall be effective for any calendar month only if the Participant signs a new Participant Agreement and it is approved by the Committee or its designee before the beginning of that calendar month. All Participation Agreements indicating changes in funding option(s) must be filed with the Committee no later than fifteen (15) days prior to the established pay date for which the change will occur. The Committee reserves the right to defer the effective date of any change.~~

~~Notwithstanding the foregoing, effective February 1, 2016, a A Participant may modify his/her/their deferral or funding option(s) at any time (and with no limit as to the number of modifications in any calendar year) by completing a revised Participant Agreement and such modification shall become effective as soon as administratively feasible after such modification is filed with the Committee. Changes in the amount of deferral must equal at least ten dollars (\$10) or more per funding option per month. A change (whether counted as such or not) shall be effective for any calendar month only if the Participant signs a new Participant Agreement and it is approved by the Committee or its designee before the beginning of that calendar month. All Participation Agreements indicating changes in funding option(s) must be filed with the Committee no later than fifteen (15) days prior to the established pay date for which the change will occur. The Committee reserves the right to defer the effective date of any change.~~

04-7 Suspension and Reinstatement of Deferral.

(1) **Suspension.** A Participant may at any time direct that deferrals under the Participant's Participation Agreement cease by completing the proper form and filing it with the Committee no later than the last day of the payroll period prior to the payroll period during which the deferrals are to cease; however, Accumulated Deferrals shall only be paid as provided in Chapter 05.

(2) **Reinstatement.** A Participant who has directed the cessation of deferrals may resume deferrals for any calendar month commencing no sooner than the month following the close of the next enrollment period by executing a new Participation Agreement to defer

Compensation. The waiting period shall not apply to Participants who are on leave without pay as discussed in Chapter 08.

04-8 Investment Options Election. Each Participant shall designate ~~on his/her/their~~ ~~Participation Agreement~~ the investment option(s) in which ~~he/she/they~~ wishes to have ~~his-their~~ Accumulated Deferrals invested. Such designation shall continue unless changed pursuant to Chapter 04-6. The investment option(s) shall be selected from those options made available for this purpose from time to time by the Plan Administrator. The Plan Administrator may make available as investment options:

- (1) A fixed rate investment or pool of investments including deposits with a credit union savings and loan association, mutual savings bank and fixed annuities;
- (2) Specified mutual fund shares, shares of an investment company, or variable annuities; or
- (3) Fixed or variable life insurance, or any other options permitted by law and selected by the Plan Administrator.

In the event that a selected option experiences a loss, the Participant's Accumulated Deferrals payable hereunder shall likewise reflect a loss for the period.

04-9 Designation of Beneficiaries. Each Participant shall have the right to designate a Beneficiary or Beneficiaries to receive Accumulated Deferrals in the event of Participant's death. If no such designation is in effect upon the death of a Participant, the Beneficiary shall be the surviving spouse, or if none, then the Beneficiary shall be the Participant's estate. A Participant may change ~~his/her/their~~ Beneficiary designation at any time by filing a change of beneficiary form with the Committee. A Participant may also change ~~his/her/their~~ Beneficiary designation by completing the beneficiary portion of a Participant Agreement form. The Participant may name:

- (1) A designated organization or person (including without limitation ~~his/her/their~~ unborn or later adopted children.) If unborn or later adopted children are to be included, the designation must so indicate. The date of birth must be furnished for any living person who is named and who is under the age of eighteen.
- (2) ~~His or her~~ Their estate.
- (3) A trust which is in existence, or which is to be established under the Participant's last will. For an existing trust, the Participant must provide the name of the trust and the date it was established.

The Participant may name contingent Beneficiaries in addition to primary Beneficiaries. Any named Beneficiary must have a Tax I.D. number or a social security number.

A designation of Beneficiary other than the spouse shall be automatically revoked on the marriage or remarriage (other than a common-law marriage) of a Participant and the designation of the spouse as Beneficiary shall be automatically revoked upon any finalized divorce of a Participant subsequent to the date of filing of the designation of the Beneficiary.

Chapter 05 DISTRIBUTIONS

05-1 Distribution Following Separation from Service. After Separation from Service, Accumulated Deferrals shall be paid to the Participant in one or more installments, as elected by the Participant pursuant to Chapters 05-3 through 05-6.

05-2 Distribution in the Event of Death of Participant or Beneficiary.

(1) Should the Participant die at any time, Accumulated Deferrals shall be paid to the Beneficiary or Beneficiaries designated by the Participant pursuant to Chapter 04-9. The Accumulated Deferrals shall be paid out as provided in Chapter 05. If no Beneficiary is designated as provided in the Participation Agreement, or if the Designated Beneficiary does not survive by a period of thirty (30) days, then a lump sum or series of payments shall be paid, in accordance with Chapter 05 to the surviving spouse, or if none, a lump sum shall be paid to the estate of the Participant.

(2) In the event a Beneficiary becomes entitled to receive Accumulated Deferrals but dies prior to the distribution of the total Accumulated Deferrals, Accumulated Deferrals shall become payable to the Beneficiary's estate on the first day of the third month following the Beneficiary's death, unless Accumulated Deferrals are being paid in the form of an annuity, in which case the disposition of the remaining amount shall be determined by the annuity contract. Such annuity contracts shall be issued pursuant to the rules set forth in Chapter 05-4.

05-3 Elections Regarding Distribution. Each Participant (or in the event of death, each Beneficiary other than an organization, estate, or trust) shall elect when ~~his/her~~their payout will begin and the payout period in accordance with the rules of Code Section 457(d).

(1) **Election Regarding Time of Payment.** The election regarding the time when payment will begin shall be made at any time which is not sooner than one of the following:

- (a) the calendar year in which the Participant attains age ~~72~~72 1/2;
- (b) when the Participant has a Separation from Service; or
- (c) when and to the extent of any unforeseen emergency as defined herein.

(2) **Election Regarding When Payment Will Begin:**

(a) A Participant who Separates from Service other than by reason of death, must make the election not later than sixty (60) days after Separation from Service. Payment may begin on the date nearest the first day of the month in which an election is filed with the Committee on form(s) provided for that purpose, and payment must begin within the time prescribed by Chapter 05-4.

(b) A Beneficiary, other than an organization, estate, or trust, where the Participant was not already receiving payments, makes the election not later than sixty (60) days after the Participant's death. Payment may begin on the date nearest the first day of the month in

which the election is filed with the Committee on forms provided for that purpose, and payment must begin within the time prescribed by Chapter 05-4.

(3) **Election Regarding Method of Payment.** The Participant (or Beneficiary other than an organization, estate, or trust) who makes an election regarding the date payment will begin, may also elect the period over which payments will be made. The payout period election may be made either at the time ~~he/she/they~~ elects a beginning date for payout or at any time not later than sixty (60) days prior to the date payout is to begin. Once having made this election, the Participant (or Beneficiary, other than an organization, estate, or trust) may change the payout period election not later than sixty (60) days prior to the date payout is to begin. Such a Beneficiary may also make this election where the Participant was already receiving payments but, as provided in Chapter 05-4(3)(a), must receive ~~his or her/their~~ distribution at least as rapidly as it was being distributed to the Participant. Such a Beneficiary must make the payout period election not later than sixty (60) days after the death of the Participant and payout will be suspended following the Participant's death until the Beneficiary either makes a payout period election or begins receiving payment as provided in subchapter (4) of this Chapter. Provided, if the Participant was receiving payout in the form of an annuity contract, then the successor's right shall be limited by the terms of that contract.

(4) **How Elections Are Made.** A Participant or Beneficiary may make elections allowed under this Chapter by completing and filing applicable payment request forms with the Committee.

(5) **Consequences in the Absence of a Timely Election Regarding Time of Payment.** Absent a timely election regarding when payout is to begin, payout will begin on the fifteenth day of the month following the month in which the election period ends, and will be made in a lump sum; provided, however, notwithstanding any contrary provision of the Plan, in the event that a distribution is made from the Plan on or after July 1, 2007 because the Participant failed to make a timely election as provided in this Chapter 05-3, then the Plan Administrator will pay the distribution in a direct rollover to an individual retirement plan designated by said Plan Administrator.

(6) **Effects of Certain Employment Changes.** Transfers from the Plan are allowed in the circumstances described in Chapter 04-2(2).

(7) **Consequences in Absence of a Timely Election Regarding Method of Payment.** In the absence of a timely election regarding the period of time over which payment will be made, payment will be made in the manner described in subchapter (5) of this Chapter.

(8) **Payment to an Organization, Estate, or Trust.** Any amount payable to an organization, estate, or trust shall be paid in a lump sum as prescribed in Chapter 05-2.

05-4 Distribution of Accumulated Deferrals.

~~(1)~~—Each Participant's Accumulated Deferrals must be distributed or begin to be distributed no later than the Participant's Required Beginning Date in accordance with the provisions of Article XI of the Retirement Savings Plan.

~~(a)~~—If a Participant's Benefit is to be distributed over:

~~(i) — a period not extending beyond the Life Expectancy of the Participant or the joint life and last survivor expectancy of the Participant and the Participant's designated Beneficiary; or~~

~~(ii) — a period not extending beyond the Life Expectancy of the designated Beneficiary, the amount required to be distributed for each calendar year, beginning with distributions for the first Distribution Calendar Year, must at least equal the quotient obtained by dividing the Participant's Benefit by the Applicable Life Expectancy.~~

~~Then amount to be distributed each year, beginning with distributions for the first Distribution Calendar Year shall not be less than the quotient obtained by dividing the Participant's Benefit by the lesser of:~~

~~(iii) — the Applicable Life Expectancy; or~~

~~(iv) — if the Participant's Spouse is not the designated Beneficiary, the applicable divisor determined from the table set forth in Q&A 4 of Section 1.401(a)(9)-2 of the Proposed Regulations.~~

~~Distributions after the death of the Participant shall be distributed using the Applicable Life Expectancy in (ii)(a) above as the relevant divisor without regard to Proposed Regulations Section 1.401(a)(9)-2.~~

~~(b) — The minimum distribution required for the Participant's first Distribution Calendar Year must be made on or before the Participant's Required Beginning Date. The minimum distribution for other calendar years, including the minimum distribution for the Distribution Calendar Year in which the employee's Required Beginning Date occurs, must be made on or before December 31st of that Distribution Calendar Year.~~

~~(c) — If the Participant's Benefit is distributed in the form of an annuity purchased from an insurance company, distributions thereunder shall be made in accordance with the requirements of Code Section 401(a)(9) and the Proposed Regulations thereunder.~~

~~(2) — Upon the death of the Participant, the following distribution provisions shall take effect:~~

~~(a) — If a Participant dies after distribution of such Participant's interest has commenced, the remaining portion of such interest will continue to be distributed at least as rapidly as under the method of distribution being used prior to the Participant's death.~~

~~(b) — If a Participant dies before distribution of such Participant's interest commences, the Participant's entire interest shall be completed by December 31st of the calendar year containing the fifth anniversary of the Participant's death except to the extent that an election is made to receive distributions in accordance with (i) or (ii) below:~~

~~(i) — If any portion of the Participant's interest is payable to a designated Beneficiary, distributions may be made in substantially equal installments over the life or Life~~

~~Expectancy of the designated Beneficiary commencing on or before December 31st of the calendar year immediately following the calendar year in which the Participant died;~~

~~(ii) — If the designated Beneficiary is the Participant’s surviving spouse, the date distributions are required to begin in accordance with (a) above shall not be earlier than the later of:~~

~~(I) — December 31st of the calendar year immediately following the calendar year in which the Participant died; and~~

~~(II) — December 31st of the calendar year in which the Participant would have attained age 70-1/2.~~

~~(c) — If the Participant has not made an election by the time of his or her their death, the Participant’s designated Beneficiary must elect the method of distribution no later than the earlier of:~~

~~(i) — December 31st of the calendar year in which distributions would be required to begin under this Section; or~~

~~(ii) — December 31st of the calendar year which contains the fifth (5th) anniversary of the date of death of the Participant.~~

~~If the Participant has no designated Beneficiary, or if the designated Beneficiary does not elect a method of distribution, distribution of the Participant’s entire interest must be completed by December 31 of the calendar year containing the fifth anniversary of the Participant’s death.~~

~~(d) — For purposes of (2) above, if the surviving spouse dies after the Participant, but before payments to such Spouse begin, the provisions of (2)(b), with the exception of paragraph (ii) therein, shall be applied as if the surviving spouse were the Participant.~~

~~(e) — For purposes of (2) above, distribution of a Participant’s interest is considered to begin on the Participant’s Required Beginning Date (or, if paragraph (d) above is applicable, the date distribution is required to begin to the surviving spouse pursuant to paragraphs (b) and (c) above). If distribution in the form of an annuity described above irrevocably commences to the Participant before the Required Beginning Date, the date distribution is considered to begin is the date distribution actually commences.~~

~~(f) — Any amount paid to a child of the Participant will be treated as if it had been paid to the surviving spouse if the amount becomes payable to the surviving spouse when the child reaches the age of majority.~~

~~(3) — **Definitions.**~~

~~(a) — “Applicable Life Expectancy” shall mean the Life Expectancy (or joint and last survivor expectancy) calculated using the attained age of the Participant (or designated Beneficiary) as of the Participant’s (or Designated Beneficiary’s) birthday in the applicable~~

~~calendar year reduced by one for each calendar year which has elapsed since the date Life Expectancy was first calculated. If Life Expectancy is being recalculated, the Applicable Life Expectancy shall be the Life Expectancy as so recalculated. The applicable calendar year shall be the first distribution calendar year, and if Life Expectancy is being recalculated such succeeding calendar year.~~

~~(b) —“Distribution Calendar Year” shall mean a calendar year for which a minimum distribution is required. For distributions beginning before the Participant’s death, the first Distribution Calendar Year is the calendar year immediately preceding the calendar year which contains the Participant’s Required Beginning Date. For distributions beginning after the Participant’s death, the first Distribution Calendar Year is the calendar year in which distributions are required to begin pursuant hereto.~~

~~(c) —“Life Expectancy” Life Expectancy and joint and last survivor expectancy are computed by use of the expected return multiples in Tables V and VI of Section 1.72-9 of the Income Tax Regulations.~~

~~(d) —“Participant’s Benefit” shall mean:~~

~~(i) —The Accumulated Deferrals as of the last valuation date in the calendar year immediately preceding the Distribution Calendar Year (valuation calendar year) increased by the amount of any contributions or forfeitures allocated to the Account balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date;~~

~~(ii) —Exception for second Distribution Calendar Year. For purposes of paragraph (a) above, if any portion of the minimum distribution for the first Distribution Calendar Year is made in the second Distribution Calendar Year on or before the Required Beginning Date, the amount of the minimum distribution made in the second Distribution Calendar Year shall be treated as if it had been made in the immediately preceding Distribution Calendar Year.~~

~~(e) —“Required Beginning Date” The Required Beginning Date of a Participant is the later of termination of Employment with the Employer or the first day of April of the calendar year following the calendar year in which the Participant attains age 70-1/2~~

~~(4) —With respect to distributions under the Plan made on or after the date of adoption of this restatement, the Plan will apply the minimum distribution requirements of Section 401(a)(9) of the Code in accordance with the regulations under Section 401(a)(9) that were proposed on January 17, 2001 (the “2001 Proposed Regulations”), notwithstanding any provision of the Plan to the contrary. If the total amount of required minimum distributions made to a Participant for 2001 prior to the date of adoption of this amendment are equal to or greater than the amount of required minimum distributions determined under the 2001 Proposed Regulations, then no additional distributions are required for such Participant for 2001 on or after such date. If the total amount of required minimum distributions made to a Participant for 2001 prior to the date of adoption of this amendment are less than the amount determined under the 2001 Proposed Regulations, then the amount of required minimum distributions for 2001 on or after such date will be determined so that the total amount of required minimum distributions for 2001 is the amount determined under the 2001 Proposed Regulations. This amendment shall continue in effect~~

~~until the end of the last calendar year beginning before the effective date of the final regulations under Section 401(a)(9) or such other date as may be specified in guidance published by the Internal Revenue Service.~~

~~(5) **2009 Minimum Required Distributions.** Notwithstanding any provision to the contrary in Section 13.6 of the Plan, a Participant or Beneficiary who would have been required to receive minimum required distributions for 2009 but for the enactment of Code Section 401(a)(9)(H) (“2009 RMDs”), and who would have satisfied that requirement by receiving distributions that are: (1) equal to the 2009 RMDs; or (2) one or more payments in a series of substantially equal installments (that include the 2009 RMDs) made at least annually and expected to last for the life (or life expectancy) of the Participant, the joint lives (or joint life expectancy) of the Participant and the Participant’s designated Beneficiary, or for a period of at least 10 years (“Extended 2009 RMDs”), will receive those distributions for 2009 unless the Participant or Beneficiary affirmatively elects not to receive such distributions. Participants and beneficiaries described in the preceding sentence will be given the opportunity to elect to stop receiving the distributions described in the preceding sentence. In addition, no 2009 RMDs or Extended 2009 RMDs shall be treated as eligible rollover distributions.~~

05-5 De Minimis Accounts (In-Service Distribution). Notwithstanding any other provision in the Plan, if: (a) the total amount payable to a Participant under the Plan does not exceed \$5,000; and (b) such Participant has not made any deferrals under the Plan during the preceding two-year period, such Participant’s Accumulated Deferrals may be distributed to him, provided that no amounts have been previously distributed to him under this Chapter 05-5.

05-6 Eligible Rollover Rules. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee’s election hereunder, a distributee may elect, at that time and in the manner prescribed by the Plan Administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

(1) **Eligible rollover distribution:** An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee’s designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; and the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities).

(2) **Eligible retirement plan:** An eligible retirement plan is an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, or a qualified trust described in Section 401(a) of the Code, that accepts the distributee’s eligible rollover distribution. An eligible deferral compensation plan described in Section 457(b) which is maintained by an eligible employer described in Section 457(e)(1)(A) and an annuity contract described in Section 403(b).

(3) **Distributee:** A distributee includes an employee or former employee. In addition, the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, are distributees with regard to the interest of the spouse or former spouse.

(4) **Direct rollover:** A direct rollover is a payment by the plan to the eligible retirement plan specified by the distributee.

05-7 Vesting. Participants shall always be immediately 100% vested in Deferred Compensation and Employer Non-Elective Contributions made to the Plan.

Chapter 06 UNFORESEEABLE EMERGENCY

06-1 Unforeseeable Emergency. Notwithstanding any other provisions in the Plan, in the event of an unforeseeable emergency, a Participant or a Beneficiary entitled to Accumulated Deferrals may request the Committee to pay out a portion of Accumulated Deferrals. If the Application for payment is approved by the Committee, payment will be made within sixty (60) days following such an approval. The amount paid shall be limited strictly to that amount reasonably necessary to satisfy the emergency need. For purposes of this Plan an unforeseeable emergency shall be severe financial hardship to the Participant resulting from:

- (1) A sudden and unexpected illness or accident of the Participant or of a dependent (as defined in Section 152(a) of the Code) of the Participant;
- (2) Loss of the Participant's property due to casualty; or
- (3) Other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

The circumstance that will constitute as unforeseeable emergency will depend upon the facts of each case, but in any case, payment shall not be made to the extent that such hardship is or may be relieved: (a) through reimbursement or compensation by insurance or otherwise; (b) by liquidation of the Participant's assets, to the extent liquidation of such assets would not itself cause severe financial hardship; or (c) by cessation of deferrals under the Plan. Examples of what shall not be considered to be unforeseeable emergencies include the need to send a Participant's child to college or the desire to purchase a home.

Chapter 07 QUALIFIED DOMESTIC RELATIONS ORDERS

07-1 QDRO. The rules governing "Qualified Domestic Orders" ("QDROs") set forth in Code Section 414(p) shall apply to this Plan.

07-2 Code Section 414(p). In order to constitute a QDRO, a distribution or payment from this Plan must be made pursuant to a domestic relation order which meets the requirements of clause (i) of paragraph (1)(A) of Section 414(p).

07-3 Rules. If a distribution or payment is made from this Plan pursuant to a QDRO rules similar to those in Section 402(e)(1)(A) shall apply.

Chapter 08 LEAVE OF ABSENCE

08-1 Leave of Absence. If a Participant is on an approved leave of absence with pay from the Plan Sponsor, such Participant shall continue to contribute Deferred Compensation in the Plan, unless such Participant elections to suspend such Deferred Compensation in accordance with Chapter 04-7(1). If a Participant is on an approved leave of absence without pay from the Plan Sponsor, Deferred Compensation, in accordance with the Participant Agreement in effective immediately prior to such leave, shall automatically resume upon return to active employment with the Plan Sponsor and no waiting period shall apply pursuant to Chapter 04-7(2). A Participant on an approved leave of absence with or without pay from the Plan Sponsor shall not be eligible for distributions under Chapter 05.

Chapter 09 AMENDMENT OR TERMINATION OF PLAN

09-1 Termination of Plan. The Plan Sponsor or the Committee may at any time terminate the Plan. Upon such termination, Accumulated Deferrals will be paid pursuant to Chapter 05 of the Plan. All Participants' deferrals will cease.

09-2 Amendment of Plan. The Committee may also amend the provisions of this Plan at any time; provided, however, that no amendment shall affect the rights of Participants or their Beneficiaries regarding Accumulated Deferrals at the time of the amendment.

09-3 Reasons for Amendment. The Plan Sponsor may from time to time find it necessary to change or amend this Plan, if required by Treasury Regulations, Federal statute, State law or regulations, or as a result of operational experience.

09-4 Procedure for Amendment. If and when an amendment to the Plan is proposed, the Committee shall notify all Participants, in writing, prior to any actual amendment to the Plan, that an amendment will be made, what the proposed amendment will be, why it is being done, and what the likely impact, if any, there will be on the Participants as a result of the proposed amendment. If the proposed Plan amendment will have any adverse effect or impact on any or all Participants, each Participant adversely affected shall have the right to modify ~~his/her~~their Participation Agreement as necessary to reduce or eliminate any foreseen adverse impact on ~~his/her~~their Accumulated Deferrals. No amendments to the Plan shall affect the amount of Accumulated Deferrals which at the time of such amendment shall have accrued for Participants or Beneficiaries, to the extent of any Compensation deferred before the time of amendment and net income thereon accrued to the date of amendment.

Chapter 10 RELATIONSHIP TO OTHER PLANS

10-1 Retirement and Social Security Not Reduced. It is intended that, pursuant to Section 457 the Code, the amount of Deferred Compensation will not be considered as current compensation for purposes of federal income taxation. Such amounts will, however, be included as compensation in determining benefits or rights under the Plan Sponsor's group insurance, other retirement plans and FICA.

Chapter 11 TRANSFER IN LIEU OF CASH

11-1 Assets in Lieu of Cash. Upon the occurrence of any event requiring the payment of Accumulated Deferrals under this plan, the Committee may, in its sole discretion, elect to honor a request from the Participant to substitute the transfer in kind and assignment of any asset which the Trust has acquired, at fair market value.

Chapter 12 EXCLUSIVE BENEFIT AND NON-ASSIGNABILITY

12-1 Exclusive Benefit. The Trust will be held for the exclusive benefit of Participants and their Beneficiaries. Except as otherwise provided in the Plan, it shall be impermissible under any circumstances at any time for any part of the corpus or income of the Trust to be used for, or diverted to purposes other than for the exclusive benefit of Participant and their Beneficiaries.

12-2 Accumulated Deferrals Not Assignable. It is agreed that neither the Participant, nor the Participant's Beneficiary or Beneficiaries, nor any other designee, shall have any right to commute, sell, assign, transfer, or otherwise convey the right to receive any payments hereunder, which payments and right thereto are expressly declared to be nonassignable and nontransferable, and in the event of attempt to assign or transfer, the Plan Sponsor shall have no further liability hereunder, nor shall any unpaid Accumulated Deferrals be subject to attachment, garnishment or execution, or be transferable by operation of law in event of bankruptcy, dissolution of marriage, or insolvency, except to the extent otherwise required by law.

Chapter 13 ASSETS

13-1 Plan Assets. All amounts of Compensation deferred under the Plan, all property and rights to property (including rights as a Beneficiary of a contract providing life insurance protection) purchased with such amounts, and all income attributed to such amounts, property or rights to property, including the deferred compensation revolving fund provided for in Chapter 03-5, shall be held in one or more trusts, and/or custodial accounts or insurance contracts described in section 401(f) of the Code, for exclusive benefit of Participants and their Beneficiaries.

Chapter 14 PARTICIPATION BY COMMITTEE MEMBERS

14-1 Participation by Committee Members. Members of the Committee, who are otherwise eligible, may participate in the Plan ~~tinder-under~~ the same terms and conditions as apply to other Participants but an individual member shall not participate in any Committee action taken with respect to that member's participation.

Chapter 15 PLAN SPONSOR PARTICIPATION

15-1 Plan Sponsor Contributions. The Plan Sponsor may, pursuant to a changed or new Participation Agreement filed by a Participant as specified in Chapters 04-6 or 04-7, add additional Deferred Compensation for services to be rendered by the Participant to the Plan Sponsor during any calendar month, provided:

(1) The Participant has elected to have such additional Compensation deferred, invested, and distributed, pursuant to this Plan, prior to the calendar month in which the Compensation is earned; and

(2) Such additional Deferred Compensation, when added to all other Deferred Compensation under the Plan, does not exceed the maximum deferral permitted by Chapter 04.

Chapter 16 INVESTMENT RESPONSIBILITY

16-1 Investment Responsibility. The Plan Sponsor shall invest funds held pursuant to Participation Agreements between Participant and the Plan Sponsor in accordance with requests made by each Participant among the investment options provided. Any action by the Committee in investing funds, or approving of any such investment of funds shall not be considered to be either an endorsement or guarantee of any investment, nor shall it be considered to attest to the financial soundness or the suitability of any funding option for the purpose of meeting future obligations.

Chapter 17 COMMITTEE POWERS

17-1 Plan Prevails. In the event any form or other document used in administering this Plan, including but not limited to enrollment forms and marketing materials, conflict with the terms of the Plan, the terms of the Plan shall prevail.

17-2 Decision Binding. The Committee is authorized to determine any matters concerning the rights of any Participant or any other person under this Plan and such determination shall be binding on all interested persons.

17-3 Committee to Interpret. The Committee is authorized to construe this Plan and resolve any ambiguity in the Plan. The Plan and any form or other document used in administering the Plan shall be interpreted, and this Plan shall be administered so as to comply with Sections 457 of the Code and the Treasury Regulations promulgated thereunder.

17-4 Tax Status Not Guaranteed. The Committee does not represent or guarantee that any particular federal or state income, payroll, personal property, or other tax consequences will occur because of the Participant's participation in this Plan. The Participant should consult with the Participant's own representative regarding all questions of federal or state income, payroll, personal property of other tax consequences arising from participation in this Plan.

17-5 Committee May Require Court Order. The Committee or the Plan Sponsor, if in doubt concerning the correctness of their action in making a payment of Accumulated Deferrals, may suspend payment until satisfied as to the correctness of the payment or the person to receive the payment or to allow the filing in any court of competent jurisdiction of a civil action seeking a determination of the amounts to be paid and the person to receive them. The Committee and the Plan Sponsor shall comply with the final orders in any such suit and the Participant and/or the Participant's Beneficiary or Beneficiaries shall be bound thereby. Whenever payment of Accumulated Deferrals is suspended pursuant to this chapter, the time for a Participant or Beneficiary making any election under Chapter 05-3 shall not begin until the court judgment that has become final.

17-6 Delegation of Authority. The Committee may delegate its functions to be performed under this Plan to any designee with legal authority to perform such functions.

Chapter 18 APPLICABLE LAW

18-1 Plan to Conform to Federal and State Laws. The Plan is intended to be an eligible state deferred compensation plan within the meaning of Section 457 of the Code, and Treasury Regulation 1.457-2(a), and to comply with applicable state law, and shall be interpreted accordingly.

Chapter 19 TRUSTEE AND TRUST

19-1 Trust. The Trustee shall invest, reinvest, hold and distribute Trust assets, and the income and gains therefrom, in accordance with the provisions of the Trust Agreement established by the Plan Sponsor as part of this Plan.

19-2 Acceptance. The Trustee, or any successor or successors accepts the Trust created and agrees to perform the obligations imposed by the Trust. The Trustee's duties and responsibilities shall be performed in accordance with, and as necessary limited to comply with applicable law.

19-3 Receipt of Contributions. The Trustee shall be accountable to the Plan Sponsor for the funds contributed to it by the Plan Sponsor, but shall have no duty to see that the contributions received comply with provisions of the Plan. The Trustee shall be neither obliged to collect any contributions from the Plan Sponsor, nor to see funds deposited with it are deposited according to the provisions of the Plan.

19-4 Records and Statements. The records of the Trustee pertaining to the Plan shall be open to the inspection of the Plan Sponsor and the Committee at all reasonable times and may be audited from time to time by any person or persons as the Plan Sponsor or Committee may specify in writing. The Trustee shall furnish the Committee or the Plan Sponsor with whatever information relating to the Trust the Committee or the Plan Sponsor considers necessary.

19-5 Trust Fees and Expenses. The Trustee shall receive reasonable annual compensation as may be agreed upon from time to time between the Plan Sponsor and the Trustee. The Trustee shall pay all expenses reasonably incurred by it or by the Plan Sponsor, the Committee, or other

professional advisors or administrators in the administration of the Plan from the Trust unless the Plan Sponsor pays the expenses. The Committee shall not treat any fee or expense paid, directly or indirectly, by the Plan Sponsor as a Plan Sponsor contribution.

19-6 Distribution of Cash or Property. The Trustee may make distribution under the Plan in cash or property, or partly in each, at its fair market value as determined by the Trustee.

19-7 Resignation. The Trustee may resign at any time as Trustee of the Plan by giving thirty (30) days written notice in advance to the Plan Sponsor and to the Committee.

19-8 Removal. The Plan Sponsor, by giving thirty (30) days written notice in advance to the Trustee, may remove any Trustee.

19-9 Interim Duties and Successor Trustee. In the event of the resignation or removal of a Trustee, the Plan Sponsor shall appoint a successor Trustee if it intends to continue the Plan. During any period of the selection of a Trustee is pending, or during any period a Trustee is unable to serve for any reason, the remaining Trustee or Trustee(s), if any, shall act as the sole Trustee or as the only Trustee(s) of the Trust created under the Trust Agreement. If no Trustee remains during any paid period the selection of a Trustee is pending, the Plan Sponsor shall act as Trustee until a successor Trustee is selected.

Each successor Trustee shall succeed to the title to the Trust vested in his-their predecessor by accepting in writing his-their appointment as successor Trustee and filing the acceptance with the former Trustee and the Committee without the signing or filing of any further statement. The resigning or removed Trustee, upon receipt of acceptance in writing of the Trust by the successor Trustee, shall execute all documents and do all acts necessary to vest the title of record in any successor Trustee. Each successor Trustee shall have and enjoy all of the powers, discretionary and ministerial, conferred under the Trust Agreement upon his-their predecessor. No successor Trustee shall be personally liable for any act or failure to act of any predecessor Trustee. With the approval of the Plan Sponsor and the Committee, a successor Trustee, with respect to the Plan may accept the account rendered and the property delivered to it by a predecessor Trustee without incurring any liability or responsibility for so doing.

19-10 Valuation of Trust. The Trustee shall value the Trust as of the last day of each calendar year and at such other times as the Committee may direct to determine the fair market value of each Participant's Accumulated Deferrals, and the Trustee shall value the Trust on such other date(s) as directed by the Committee.

Chapter 20 TEMPORARY CARES ACT PROVISIONS

20-1 Coronavirus-Related Distributions. A COVID Qualifying Participant (as defined in Section 20-2) may elect to withdraw during the period beginning on January 1, 2020 and ending December 31, 2020, all or a portion of the vested amount in his or her Account provided that the total amount of such "Coronavirus-Related Distribution" (within the meaning of section 2202(a)(4)(A) of the CARES Act (as defined in subsection (C)) under the Plan and any other plan maintained by the Employer shall not exceed \$100,000.

The election by a COVID Qualifying Participant to withdraw or make a contribution of a Coronavirus-Related Distribution shall be made in accordance with any reasonable procedures adopted by the Employer (which may, for example, include limitations on the frequency of such withdrawals).

20-2 Definitions.

(1) “CARES Act” means The Coronavirus Aid, Relief and Economic Security Act.

(2) “COVID Qualifying Participant” means a Participant who (a) who is diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (COVID-19) by a test approved by the Centers for Disease Control and Prevention (including a test authorized under the Federal Food, Drug, and Cosmetic Act); (b) whose spouse or dependent (as defined in section 152 of the Code) is diagnosed with COVID-19 by such a test; or (c) who experiences adverse financial consequences as a result of (1) being quarantined, being furloughed or laid off, or having work hours reduced due to COVID-19, (2) being unable to work due to lack of child care due to COVID-19, (3) closing or reducing hours of a business owned or operated by the individual due to COVID-19, (4) having a reduction in pay (or self-employment income) due to COVID-19, (5) having a job offer rescinded or start date for a job delayed due to COVID-19; (6) the Participant’s spouse or a member of the Participant’s household (as defined below) experiencing any of the events listed in (1) – (6) above; or (7) other factors as determined by the Secretary of the Treasury (or the Secretary’s delegate). For purposes of this section, an individual is a member of the Participant’s household if the individual shares the Participant’s principal residence. To the extent permitted under applicable law, the Employer may rely on a Participant’s certification that he or she satisfies the conditions of the preceding sentence.

IN WITNESS WHEREOF, this Plan is executed on December __, 2020~~January __, 2016~~.

“Plan Sponsor”

EL TORO WATER DISTRICT

By _____

By _____

~~**APPENDIX A**~~
~~**NON-ELECTIVE EMPLOYER CONTRIBUTION FOR PLAN YEAR ENDING JUNE 30,**~~
~~**2011**~~

The Plan Sponsor shall, no later than the last day of the Plan Year ending June 30, 2011, make a Non-Elective Employer Contribution to the Plan on behalf of each Michael P. Grandy and Robert R. Hill equal to three percent (3%) of Compensation as well as a one-time contribution to Robert R. Hill equal to \$2,114.58 and a one-time contribution to Michael P. Grandy of \$1,707.36 to be contributed no later than June 30, 2011.



STAFF REPORT

TO: BOARD OF DIRECTORS

MEETING DATE: December 14, 2020

FROM: Dennis Cafferty, General Manager

SUBJECT: Amendments to the El Toro Water District Plan Retirement Savings Plan

Agenda Item No. 2 in the December 14 Finance Committee agenda proposes revisions to the El Toro Water District Deferred Compensation Plan. In order to fully implement the direction of the Board, amendments are also required to the El Toro Water District Retirement Savings Plan.

The staff explanation supporting the proposed amendments to the Retirement Savings Plan is included in the reference material for Agenda Item No. 2.

Recommended Action: Staff recommends that the Board of Directors adopt Resolution No. 20-12-2 adopting the amended and restated El Toro Water District Retirement Savings Plan.

RESOLUTION NO. 20-12-2

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE EL TORO WATER DISTRICT ADOPTING
THE AMENDED AND RESTATED
EL TORO WATER DISTRICT RETIREMENT SAVINGS PLAN

**RESOLUTION NO. 20-12-2
RESOLUTION OF THE BOARD OF DIRECTORS OF
THE EL TORO WATER DISTRICT ADOPTING
THE AMENDED AND RESTATED
EL TORO WATER DISTRICT RETIREMENT SAVINGS PLAN**

The undersigned, being authorized members of the Board of Directors (the "Board") of the El Toro Water District (the "Employer"), do hereby take the following actions and adopt the following resolution:

WHEREAS, the Employer sponsors the El Toro Water District Retirement Savings Plan, which was originally effective September 12, 1983; and

WHEREAS, the Employer deems it advisable to adopt the amended and restated Retirement Savings Plan, effective December 14, 2020.

NOW, THEREFORE, BE IT RESOLVED, that pursuant to the amending authority set forth in Section 15.1 of the Retirement Savings Plan, the Retirement Savings Plan is hereby amended and restated as set forth and attached hereto as Exhibit A, which is incorporated herein by reference, effective as of the dates stated therein; and be it

FURTHER RESOLVED, that the President and Secretary of the Employer are hereby authorized and directed to execute copies of the amended and restated Retirement Savings Plan for and on behalf of the Employer and to take such action as may be reasonably necessary to implement the amended and restated Retirement Savings Plan.

ADOPTED, SIGNED AND APPROVED, this 14th day of December 2020.

Mark L. Monin, President
El Toro Water District and of the Board of
Directors thereof

ATTEST:

Dennis P. Cafferty, Secretary
El Toro Water District and of
the Board of Directors thereof

EXHIBIT A

**EL TORO WATER DISTRICT RETIREMENT SAVINGS PLAN
(AMENDED & RESTATED EFFECTIVE DECEMBER 14, 2020)**

EL TORO WATER DISTRICT

RETIREMENT SAVINGS PLAN

(Amended and Restated Effective December 14, 2020)

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EL TORO WATER DISTRICT
RETIREMENT SAVINGS PLAN

WHEREAS, the Employer desires to amend and restate the Plan and incorporate any other required interim changes to maintain the qualified status of the Plan under the Internal Revenue Code of 1986, as amended (the “Code”) and guidance from the Internal Revenue Service (“IRS”);

WHEREAS, the Plan has been previously amended and restated to comply with the requirements of the Uruguay Round Agreements Act of 1994 (“GATT”), the Uniformed Services Employment and Reemployment Rights Act of 1994 (“USERRA”), the Small Business Job Protection Act of 1996 (“SBJPA”), the Taxpayer Relief Act of 1997 (“TRA ‘97”), the Internal Revenue Service Restructuring and Reform Act of 1998 (“RRA ‘98”), and the Community Renewal Tax Relief Act of 2000 (“CRA”) regarding qualified plans, and to make certain other changes to the Plan (collectively the “GUST Provisions”); and

WHEREAS, the Plan has been previously amended and restated to comply with the requirements the “good faith” Economic Growth and Tax Relief Reconciliation Act of 2001 (“EGTRRA”) amendment” as described in IRS Notice 2001-57; and

WHEREAS, the Plan has been previously amended pursuant to IRS Revenue Procedure 2002-29, in order for the Plan to comply with the final regulations for required minimum distributions under Section 401(a)(9) of the Code that were issued on April 16, 2002; and

WHEREAS, the Plan had been previously amended effective as of January 1, 2006 to make certain changes as a result of the issuance of the final regulations under Code sections 401(k) and 401(m);

WHEREAS, the Plan has been previously amended and restated to meet the requirements of the Economic Growth and Tax Relief Act of 2001 (“EGTRRA”);

WHEREAS, the Plan has been previously amended to satisfy the requirements of the Pension Protection Act of 2006 (“PPA”), the Worker, Retiree, and Employer Recovery Act of 2008 (“WRERA”) and the Heroes Earnings Assistance and Relief Tax Act of 2008 (“HEART Act”); and

WHEREAS, TRA97 permanently exempted “government plans” from the rules of Sections 401(a)(3), 401(a)(4), 401(a)(26), 401(k), 401(m), and 410(a) and (b) of the Code; and

WHEREAS, Section 13.1 of the Plan reserves to the Employer the right to amend the Plan.

NOW THEREFORE, the Employer hereby adopts this amendment and restatement to the Plan which is, except as otherwise provided herein, generally effective as of February 1, 2016 (“Amended Effective Date”).

ARTICLE I DEFINITIONS

1.1 Title.

This Plan shall be known as the “El Toro Water District Retirement Savings Plan.” The Employer is the El Toro Water District and this is a “government plan” as such term is defined in the Employee Retirement Income Security Act of 1974 (“ERISA”) and the Code.

1.2 Exclusive Benefit.

The purpose of the Plan is to provide a vehicle for tax-deferred savings by Eligible Employees. Contributions to this Plan shall be for the exclusive benefit of the Participants and their Beneficiaries and shall not be used for, or diverted to, any other purpose. The Plan is hereby designated as constituting a Plan intended to qualify under Sections 401(a) and 501(a) of the Code.

1.3 Definitions.

Whenever used herein, the following terms shall have the meanings set forth below, unless a different meaning is clearly required by the context:

“**Account**” or “**Accounts**” shall mean the records maintained by the Administrator to determine the value of each Participant’s interest in the assets of the Plan and may refer to the Participant’s Elective Deferral Account, Matching Contribution Account, Regular Account, and Rollover Account singularly or in any appropriate combination. All references to an Account or Accounts of a Participant shall also include any sub-account and sub-accounts established pursuant to Section 5.1.

“**Administrator**” shall mean the Employer or any Administrative Committee that may be appointed by the Employer to administer the Plan in accordance with the provisions hereof.

“**Affiliated Employer or Affiliate**” shall mean the Employer and any entity, which is under common control (as defined in Section 414(c) of the Code) with the Employer; any entity which is a member of an affiliated service group (as defined in Section 414(m) of the Code) which includes the Employer.

“**Anniversary Date**” shall mean the last day of each Plan Year.

“**Beneficiary**” or “**Beneficiaries**” shall mean the person or persons last designated by a Participant to receive the benefits specified hereunder in the event of the Participant’s death. A designation of Beneficiary other than the spouse shall be automatically revoked on the marriage or remarriage (other than a common-law marriage) of a Participant and the designation of the spouse as Beneficiary shall be automatically revoked upon any finalized divorce of a Participant subsequent to the date of filing of the designation of the Beneficiary. If there is no designated Beneficiary or surviving Beneficiary, the Participant shall be deemed to have designated the first surviving class of the following classes of successive preference Beneficiaries:

- (i) the Participant’s spouse;
- (ii) the Participant’s surviving children, including adopted children and stepchildren, in equal shares;

- (iii) the Participant's surviving parents, in equal shares;
- (iv) the Participant's surviving brothers or sisters, in equal shares; or
- (v) the Participant's estate, or, if there is no legal representative appointed to represent the Participant's estate and the Participant's interest hereunder does not exceed Sixty Thousand Dollars (\$60,000.00), or such limit of summary probate proceedings as may from time to time be established by the laws of the State of California, the Administrator may, in its discretion, distribute the Participant's interest hereunder to any person or persons related to the Participant by blood or marriage selected by the Administrator.

“Cash or Deferred Arrangement” or “CODA” shall mean an arrangement under which eligible Employees may make Elective Deferral elections.

“Code” shall mean the Internal Revenue Code of 1986, as amended. Reference to a Section of the Code shall include that Section and any comparable Section or Sections of any future legislation that amends, supplements, or supersedes such Section.

“Compensation” shall mean wages, salaries and other amounts received while a Participant, including all such amounts for the Plan Year in which the Employee becomes a Participant, (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with an Employer to the extent that the amounts are included in gross income including, but not be limited to, bonuses, overtime payments, fringe benefits, and reimbursements or other expense allowance under a non-accountable plan (as described in Section 1.62-2(c) of the Regulations). This shall include (i) any salary reduction elected pursuant to any employee benefit plan as defined in Section 401(k) of the Code, any cafeteria plan as defined in Section 125 of the Code, or any deferred compensation plan as defined in Section 457 of the Code, and (ii) effective as of January 1, 2001, any amounts that are not includible in income under Section 132 (f)(4) of the Code. Compensation shall exclude the following: (i) all deferred compensation, (ii) contributions to this or any other deferred compensation plan except as specifically included herein; and (iii) any other amounts which receive special tax benefits. Compensation is the amount actually paid or made available during the Limitation Year or is attributable to services performed by the Employee in the Plan Year and received within two-and-one-half months after the close of the Plan Year.

Compensation also includes the following payments after severance from employment where such payments are paid by the later of 2½ months after severance from employment with the Employer or the end of the Limitation Year that includes the date of severance from employment with the Employer; (i) regular pay, which, for purposes of this Section, are payments for regular compensation for service during the Participant's regular working hours, or compensation for services outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments, and where such payments would have been paid to the Participant prior to a severance from employment if the Participant had continued in employment with the Employer; and (ii) leave cash-outs, in accordance with Section 1.415(c)-2(e)(3)(iii) of the Regulations, which include payment for unused accrued bona fide sick, vacation, or other leave, but only if the Participant would have been able to use the leave if employment had continued.

Notwithstanding the foregoing, an individual receiving a differential wage payment from the Employer, as defined by Section 3401(h)(2) of the Code, is treated as an Employee of the Employer, the differential wage payment is treated as Compensation, and the Plan is not treated as failing to meet the requirements of any provision described in Section 414(u)(1)(C) of the Code by reason of any contribution or benefit which is based on the differential wage payment but only to the extent all Employees performing service in the uniformed services described in Section 3401(h)(2)(A) are entitled to receive differential wage payments on reasonably equivalent terms and, if eligible to participate in the Plan, to make contributions based on the differential wage payments on reasonably equivalent terms (taking into account Sections 410(b)(3), (4) and (5) of the Code).

Compensation shall not exceed the sum set by the IRS in accordance with Section 415(d) of the Code; provided, that said amount shall be adjusted for increases in the cost of living in accordance with Section 401(a)(17)(B) of the Code.

“DCP Deferrals” shall mean elective deferrals made to the Deferred Compensation Plan.

“Deferred Compensation Plan” shall mean the El Toro Deferred Compensation Plan.

“Defined Benefit Plan” shall mean any defined benefit plan maintained by the Employer or by any Affiliate.

“Disability Retirement” shall mean a Participant who retires from the employ of the Employer because of Total and Permanent Disability, irrespective of age.

“Effective Date” shall mean the original Effective Date of the Plan, which was September 12, 1983.

“Elective Deferrals” shall mean any Employer contributions made to the Plan at the election of the Participant, in lieu of cash Compensation, and shall include contributions made pursuant to a salary reduction agreement or other deferral mechanism. With respect to any taxable year, a Participant’s Elective Deferral is the sum of all Employer contributions made on behalf of such Participant pursuant to an election to defer under any qualified CODA as described in Code Section 401(k), any simplified employee pension cash or deferred arrangement as described in Code Section 402(h)(1)(B), any eligible deferred compensation plan under Code Section 457, any plan as described under Code Section 501(c)(18), and any Employer contribution made on the behalf of a Participant for the purchase of an annuity contract under Code Section 403(b) pursuant to a salary reduction agreement.

“Elective Deferral Account” shall mean the separate account maintained by the Administrator for each Participant as required by Section 5.1 to which is credited Elective Deferrals and earnings and losses of the Trust, attributable thereto.

“Eligible Employee” shall mean any Employee except:

- (i) Any person who is a member of a group of employees covered by a collective bargaining agreement between employee representatives and one or more Employers, including the Employer, if there is evidence that retirement benefits were the subject of good faith bargaining between such collective bargaining representative and the Employer or such employers

unless such collective bargaining agreement expressly provides for the inclusion of such persons as Participants in the Plan;

- (ii) Any person who is a non-resident alien and receives no earned income from the Employer which constitutes income from sources within the United States;
- (iii) Any person who is an independent contractor;
- (iv) Any person who is classified by the Employer on or after January 1, 2007 as a “statutory employee,” such as members of the Board of Directors of the Employer;
- (v) Any Part Time Employee; and
- (vi) Any Temporary Employee.

“**Employee**” shall mean any individual employed by the Employer. In determining whether an individual is an Employee for purposes of the Plan, the individual shall be classified as an Employee with respect to a period of time only if the Employer has initially treated the individual as an Employee for payroll tax purposes for that period even if such classification is later changed as a result of regulatory action, civil litigation or the threat of either.

“**Employer**” shall mean the El Toro Water District.

“**Employment Commencement Date**” shall mean the first (1st) day on which the Employee is hired.

“**Entry Date**” shall mean the Employment Commencement Date.

“**Excess Elective Deferrals**” shall mean those Elective Deferrals that are includable in a Participant’s gross income under Code Section 402(g) to the extent such Participant’s Elective Deferrals for a calendar year exceed the dollar limitation under such Code section. Excess Elective Deferrals shall be treated as annual additions under the Plan.

“**Late Retirement**” shall mean a Participant retires or is retired from the employ of the Employer after the Anniversary Date coinciding with or next following such Participant’s attainment of Normal Retirement Age.

“**Leased Employee**” shall mean any person (other than an Employee) who, pursuant to an agreement between the Employer and any other person (“Leasing Organization”), has performed services for the Employer or related Employer (determined in accordance with Code Section 414(n)(6)), on a substantially full-time basis for a period of at least one (1) year and such services are performed under the primary direction and control of the Employer or related Employer.

A Leased Employee shall be treated as an Employee of the Employer. However, contributions or benefits provided by the Leasing Organization, which are attributable to the services performed for the Employer, shall be treated as if they had been provided by the Employer. The preceding sentence shall not apply to any Leased Employee if the total

number of Leased Employees does not constitute more than twenty percent (20%) of the Employer's non-highly compensated workforce and such Leased Employee is covered by a money purchase pension plan providing:

- (i) A nonintegrated employer contribution rate of at least ten percent (10%) of Compensation, as defined in Code Section 415(c)(3), but including amounts contributed pursuant to a salary reduction agreement which are excludable from the Employee's gross income under Section 125, Section 402(a)(8), Section 402(h) or Section 403(b) of the Code;
- (ii) Immediate participation; and
- (iii) Full and immediate vesting.

"Leave of Absence" shall mean any of the following:

- (i) Absence on leave granted by the Employer, in writing and in a non-discriminatory manner, before or after commencement of the absence for any purpose including but not limited to, sickness, accident, other casualty, or for the convenience of the Employer (provided that the Employee or Participant returns to work before or at the expiration of such leave or any extension thereof);
- (ii) Absence in any circumstance so long as the Employee or Participant continues to receive regular Compensation from the Employer; or
- (iii) Absence in service with the Armed Forces of the United States or any of its Allies as a result of which the Employee or Participant is entitled to reemployment rights from the Employer pursuant to the provisions of the United States Code as amended by USERRA.

In granting or withholding Leaves of Absence, all Participants in similar circumstances shall be treated alike.

"Limitation Year" shall mean the same as the Plan Year. If the Limitation Year is amended to a different twelve (12) consecutive month period, the new Limitation Year must begin on a date within the Limitation Year in which the amendment is made.

"Matching Contribution Account" shall mean the separate account maintained by the Administrator for each Participant as required by Section 5.1 to which is credited Matching Contributions, Special Matching Contributions and forfeitures, if any, and earnings and losses of the Trust, attributable thereto.

"Matching Contributions" shall mean Employer contributions made pursuant to Section 4.1(A)(ii) of the Plan.

"Normal Retirement" shall mean a Participant who retires or is retired from the employ of the Employer as of the Anniversary Date coinciding with or next following such Participant's attainment of Normal Retirement Age.

“Normal Retirement Age” shall mean the later of the time:

- (i) a Plan Participant attains age sixty-five (65); or
- (ii) the fifth (5th) anniversary of the time a Plan Participant commenced participation in the Plan.

The participation commencement date is the first (1st) day of the first (1st) Plan Year in which the Participant commenced participation in the Plan.

“Part Time Employee” shall mean any Employee who is hired to work less than thirty-two (32) hours per week. Notwithstanding the foregoing, effective February 1, 2016, Part Time Employee shall mean any Employee who is hired to work less than thirty (30) hours per week.

“Participant” shall mean any Employee of the Employer who has met the eligibility and participation requirements provided herein and enters the Plan.

“Plan” shall mean the El Toro Water District Retirement Savings Plan as it may be amended from time to time.

“Plan Year” shall mean each twelve (12) month the period ending June 30th. The Plan Year coincides with the dates of each annual legislative session of the Employer.

“Profit Sharing Contributions” shall mean Employer contributions made pursuant to Section 4.1(A)(iv) of the Plan.

“Regular Account” shall mean the separate account maintained by the Administrator for each Participant as required by Section 5.1 to which is credited Profit Sharing Contributions, forfeitures, if any, and earnings and losses of the Trust, attributable thereto.

“Regulations” shall mean the income tax regulations issued by the Secretary of the Treasury and their delegate. Reference to a section of the Regulations shall include that section and any comparable section or sections of any future regulation that amends, supplements, or supersedes such section.

“Rollover Account” shall mean the separate account maintained by the Administrator as required by the provisions hereof for each Participant on whose behalf a Rollover Amount or inter-plan transfer is contributed to which is credited such Rollover Amount or inter-plan transfer.

“Rollover Amount” shall mean any rollover amount that is permitted to be rolled over to the Plan from:

- (i) Another exempt trust under Code Sections 402(c); or
- (ii) An eligible deferred compensation plan described in 457(b) under Code Section 457(e)(16).
- (iii) An annuity contract described in Code Section 403(b) under Code Section 403(b)(8); and

- (iv) An individual retirement account described in Code Section 408(a) under Code Section 408(d)(3).

“Rollover Contribution” shall mean Employee contributions made pursuant to Sections 9.1 and 9.2 of the Plan.

“Special Matching Contributions” shall mean Employer contributions made pursuant to Section 4.1(A)(iii) of the Plan.

“Temporary Employee” shall mean any Employee who is hired to work for a specific task or a fixed duration of less than twelve (12) months.

“Termination Date” shall mean the date on which a Participant’s employment with the Employer is terminated. Notwithstanding the foregoing, for purposes of being eligible for a distribution of their Accounts, a Participant is treated as having terminated employment with the Employer during any period such Participant is performing services in the uniformed services described in Section 3401(h)(2)(A) of the Code, and such Participant may elect to receive a distribution by reason of termination of employment with the Employer.

“Total and Permanent Disability” shall mean a Participant that suffers complete incapacity or suffers from the inability to perform their normal job functions due to accident or sickness. Such disability must be of such a nature that recovery is not expected, or that significant recovery is not likely for years. Total and Permanent Disability shall also include legal or other disability as provided in Section 7.3.

The Administrator shall determine whether a Participant has become disabled and its determination in that respect is binding upon the Participant, provided that the Administrator shall rely upon professional medical advice in making such determination. In making its determination, the Administrator may require the Participant to submit to medical examinations by doctors selected by the Administrator. The determination of disability shall be uniformly and consistently applied to all Participants.

“Trust” shall mean the Trust which the Employer has separately adopted and which is intended to be used in conjunction with this Plan, together with all amendments thereto.

“Trustee” shall mean the person or organization appointed by the Employer to act as Trustee of the Trust.

“USERRA” shall, effective as of December 12, 1994, mean the Uniformed Services Employment Rights Act of 1994. Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Code. In the case of a death occurring on or after January 1, 2007, if a Participant dies while performing qualified military service (as defined in Section 414(u) of the Code), the survivors of the Participant are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan as if the Participant had resumed and then terminated employment on account of death.

“Valuation Date” shall mean the last day of each calendar quarter or such sooner date as may be determined by the Administrator.

“Voluntary Contributions” shall mean any voluntary after-tax contributions or deductible voluntary contributions made before December 31, 1986.

“Voluntary Contribution Account” shall mean the separate account maintained by the Administrator for each Participant as required by Section 5.1 to which is credited Voluntary Contributions, if any, and earnings and losses of the Trust, attributable thereto.

ARTICLE II SERVICE

2.1 No need for Services Rules.

The terms “year of service,” “hours of service” and “break in service” are not needed in this Plan because each Eligible Employee enters the Plan as of the first day of employment, receives an allocation if they are employed on any day in the Plan Year, and their Accounts are fully vested at all times.

ARTICLE III PARTICIPATION

3.1 Eligibility Requirements.

Each Participant in the Plan prior to the Amended Effective Date shall continue to be a Participant in the Plan. All other Eligible Employees shall become a Participant in the Plan on their Employment Commencement Date.

3.2 Participant May Name Beneficiary.

A Participant shall have the right, with the consent of such Participant’s spouse if such Participant is married, to designate, in writing to the Administrator, the Beneficiary or Beneficiaries whom the Participant desires to receive the benefits of the Plan in the event of the death of the Participant. A Participant may from time to time change their designated Beneficiary or Beneficiaries without the consent of such Beneficiary or Beneficiaries by filing a new designation in writing with the Administrator; provided, however, that the Administrator shall require that the spouse of the Participant also join in any designation, or change of designation, of Beneficiary or Beneficiaries. Except as otherwise provided herein, the consent of the spouse to a designation of Beneficiary and/or to a revocation or other change of Beneficiary shall be in writing, shall acknowledge the effect of the Beneficiary designation, and shall be witnessed by a notary public, the Administrator or the Administrator’s appointed representative. The Employer, the Administrator and the Trustee may rely upon the designation of Beneficiary or Beneficiaries last filed in accordance with the terms of this Plan; provided, however, that if a Participant is married at the time of the Participant’s death, any designation by the Participant of someone other than such Participant’s surviving spouse shall be invalid, unless such surviving spouse has consented in writing to such designation as provided for herein. Whenever the rights of a Participant are stated or limited in the Plan, the Participant’s Beneficiaries shall be bound thereby.

Upon the Administrator’s written receipt of proof of the Participant’s dissolution of marriage prior to complete distribution of the Participant’s Account, the designation of the spouse as Beneficiary under the Plan is automatically rescinded unless (i) the Participant executes another Beneficiary designation that clearly names such former spouse as a Beneficiary, or (ii) a court

order presented to the Administrator prior to distribution on behalf of the Participant explicitly requires the Participant to continue to maintain the former spouse as the Beneficiary. In any case in which the Participant's former spouse is treated under the Participant's Beneficiary designation as having predeceased the Participant, no heirs or other beneficiaries of the former spouse shall receive benefits from the Plan as a Beneficiary of the Participant except as provided otherwise in the Participant's Beneficiary designation.

3.3 Termination of Participation.

Employment with the Employer shall be a condition of becoming a Participant in the Plan and shall continue until the Anniversary Date coinciding with or next following the Participant's Termination Date or, if earlier, as of the date the Plan terminates. Except as hereinafter expressly provided, a Participant may not voluntarily withdraw from participating or receive any distribution of their benefit under the Plan, unless a distributable event has occurred.

3.4 Termination Date.

A Participant's Termination Date shall be the date on which their employment with the Employer is terminated because of the first to occur of the following events:

- (A) Normal Retirement;
- (B) Late Retirement;
- (C) Disability Retirement;
- (D) Death;
- (E) Resignation or dismissal (*i.e.*, the Participant resigns or is dismissed from the employ of the Employer before Normal or Late Retirement, death, or Disability Retirement).

In the event a Participant continues employment after attaining Normal Retirement Age, such Participant shall continue to participate in the Plan, but shall not, except as provided in Section 7.1(C), be entitled to benefits until such Participant's Termination Date.

3.5 Cessation of Eligible Employee Status.

If a Participant continues in the employ of the Employer but ceases to be an Eligible Employee, such Participant shall, during the period that such Participant is not an Eligible Employee, continue to participate in the Plan as follows:

- (A) The Employer shall include such Participant in allocating any contribution the Employer makes or forfeitures which occur for the Plan Year in which the change of such Participant's status took place, provided such Participant is employed by Employer on the last day of such Plan Year.
- (B) In any Plan Year subsequent to the Plan Year in which such Participant's change of status took place, such Participant shall receive no further allocation to such Participant's Regular Account of any contributions or forfeitures under the Plan unless such Participant again becomes an Eligible Employee.

- (C) In any Plan Year subsequent to the Plan Year in which the Participant's change of status took place, such Participant's Accounts shall continue to share, in accordance with the provisions hereof, in the earnings or losses of the Trust.

3.6 Suspension of Benefits and Immediate Participation Upon Reemployment.

- (A) Except as provided herein, the payment of benefits hereunder to a former Participant who returns to the employ of the Employer shall be suspended for the period of such reemployment.
- (B) Any former Participant who returns to the employ of the Employer will again become a Participant as of the first (1st) day for which he is employed.

ARTICLE IV CONTRIBUTIONS

4.1 Employer Contributions.

- (A) Commencing as of December 1, 2005, the Employer will contribute, to the Trust, the following amounts on a payroll by payroll basis:
 - (i) Elective Deferrals. The amounts which the Participants have elected to defer of their Compensation for the Plan Year under their Compensation deferral agreements on file with the Administrator.
 - (ii) Matching Contributions. Effective February 1, 2016, an amount equal to seventy-five percent (75%) of each Participant's Elective Deferral up to a maximum Elective Deferral equal to ten percent (10%) of the Participant's Compensation each pay period.

For example, if the Participant defers ten percent (10%) of their Compensation for a pay period to the Plan, the Employer will contribute Matching Contributions to the Plan equal to seventy-five percent (75%) of their Elective Deferrals or seven and one-half percent (7.5%) of the Participant's Compensation for such pay period and no Special Matching Contributions.

No true-up of Matching Contributions shall be performed at the end of any Plan Year.

- (iii) Special Matching Contributions. Effective February 1, 2016, an amount equal to seventy-five percent (75%) of each Participant's DCP Deferrals up to a maximum DCP Deferral of ten percent (10%) of the Participant's Compensation each pay period; provided, however, that in no event will the total of Matching Contributions and Special Matching Contributions in the aggregate exceed seven and one-half percent (7.5%) of the Participant's Compensation each pay period.

The Employer will contribute Special Matching Contributions to the Plan or the Deferred Compensation Plan as elected by the Participant and directed in their salary reduction agreement.

For example, if an individual who is a Participant in this Plan and also is a participant in the Deferred Compensation Plan defers ten percent (10%) of their Compensation for a pay period to the Deferred Compensation Plan, the Employer will contribute Special Matching Contributions to the Plan or the Deferred Compensation Plan equal to seventy-five percent (75%) of the Participant's DCP Deferrals or seven and one-half percent (7.5%) of the Participant's Compensation for such pay period and no Matching Contributions.

Alternatively, if the Participant defers five percent (5%) of their Compensation for a pay period to the Plan and five percent (5%) of their Compensation for the same pay period to the Deferred Compensation Plan, the Employer will contribute Matching Contributions to the Plan equal to seventy-five percent (75%) of the Elective Deferrals to the Plan and contribute Special Matching Contributions to the Deferred Compensation Plan equal to seventy-five percent (75%) of the DCP Deferrals.

No true-up of Special Matching Contributions shall be performed at the end of any Plan Year.

- (iv) Profit Sharing Contributions. An amount equal to nine percent (9%) of each Participant's Compensation for a Plan Year. In addition, the Employer may make a Profit Sharing Contribution in an amount as the Employer in its sole discretion may elect.
- (B) Distribution of Excess Elective Deferrals. A Participant may assign to this Plan any Excess Elective Deferrals made during a calendar year by notifying the Administrator on or before March 1st of each year of the Excess Elective Deferrals to be assigned to this Plan. A Participant who claims Excess Elective Deferrals for a preceding calendar year must submit their claim in writing to the Administrator by April 1st of the year following the calendar year that the Excess Elective Deferral occurred. Notwithstanding any other provisions of the Plan, Excess Elective Deferrals, plus any income and minus any loss allocable thereto, shall be distributed no later than April 15th to any Participant to whose Account Excess Elective Deferrals were allocated for the preceding calendar year and who claims Excess Elective Deferrals for such calendar year.
- (C) Determination of Income or Loss. Excess Elective Deferrals shall be adjusted for any income or loss up to the date of distribution. The income or loss allocable to Excess Elective Deferrals is the sum of:
 - (i) income or loss allocable to the Participant's Elective Deferral Account for the calendar year multiplied by a fraction, the numerator of which is such Participant's Excess Elective Deferrals for the calendar year and the denominator is the Participant's Account balance attributable to Elective

Deferrals without regard to any income or loss occurring during such calendar; and

- (ii) ten percent of the amount determined under (i) multiplied by the number of whole calendar months between the end of the Participant's taxable year and the date of distribution, counting the month of distribution if distribution occurs after the fifteenth (15th) of such month.
- (D) A CODA election cannot relate to Compensation that is currently available prior to the adoption or effective date of the CODA. In addition, except for occasional, bona fide administrative considerations, contributions made pursuant to such an election cannot precede the earlier of (1) the performance of services relating to the contribution and (2) when the Compensation that is subject to the election would be currently available to the Employee in the absence of an election to defer.
- (E) All Eligible Employees who have attained or who will attain age 50 before the close of the applicable Plan Year shall be eligible to make catch-up contributions in accordance with, and subject to the limitations of Code Section 414(v). Such catch-up contributions shall not be taken into account for purposes of the provisions of the Plan implementing the required limitations of Code Sections 402(g) and 415. The Plan shall not be treated as failing to satisfy the provisions of the Plan implementing the requirements of Code Section 401(k)(3), 401(k)(11), 401(k)(12), 410(b), or 416, as applicable, by reason of the making of such catch-up contributions.
- (F) In no event shall the Employer's contribution for any Plan Year be so large as to cause the annual addition for any Participant to exceed the amount permitted under Section 415 of the Code.
- (G) The Employer shall, notwithstanding any other provisions of the Plan, make all contributions to the Plan without regard to the fact that, as a government, it has no profits. Notwithstanding the foregoing, the Plan shall continue to be designed to qualify as a profit sharing plan for purposes of Sections 401(a), 402, 412, and 417 of the Code.

4.2 Elective Deferrals.

- (A) The Employer contribution described in Section 4.1(A)(i) is a 401(k) elective contribution. For any Plan Year, subject to the provisions of Sections 4.1(B) and 4.3(A), each active Participant may elect to defer such portion of their Compensation as Elective Deferrals.
- (B) An Eligible Employee may file a salary reduction agreement with the Administrator. A salary reduction agreement executed by an Eligible Employee may not be effective earlier than its execution date, but in no event earlier than such Eligible Employee's Entry Date. The salary reduction agreement shall apply to Compensation (including increases in Compensation) which is available to the Employee after the effective date of the salary reduction agreement.
- (C) The salary reduction agreement must specify the whole percentage of Compensation the Participant wishes to defer. A Participant may modify their

salary reduction agreement, either to reduce or to increase the amount of their Elective Deferral, to be effective for the ensuing January 1st or July 1st by completing a revised election form at least thirty (30) days before such January 1st or July 1st of each year. A Participant may completely discontinue Elective Deferrals as of any payroll period by completing a revised election form to be effective no earlier than one (1) month after receipt of such revised election by the Employer. If a Participant completely discontinues Elective Deferrals, then such Participant cannot resume said contributions until the next following January 1st or July 1st.

Notwithstanding the foregoing, effective February 1, 2016, a Participant may modify their salary reduction agreement at any time, either to reduce or to increase the amount of their Elective Deferral, by completing a revised election form and such modification shall become effective as soon as administratively feasible after such modification is filed with the Administrator.

4.3 Discrimination Testing of Elective Deferrals and Matching Contributions.

Because this is a government plan, no discrimination testing of Elective Deferrals, Matching Contributions or Special Matching Contributions is required.

4.4 Voluntary Contributions.

The Administrator shall not accept any Voluntary Contributions for fiscal years beginning after December 31, 1986.

4.5 Duties of Trustee Regarding Contributions.

The Trustee shall receive all contributions hereunder by the Employer and the Participants in cash or other property acceptable to the Trustee and shall be accountable for all such assets and contributions but shall have no duty to collect or enforce payment to it of any contributions to the Trust nor to determine or verify the accuracy thereof.

4.6 Transfers From Other Qualified Plans.

Notwithstanding any other provision hereof, there may be transferred to the Trustee all or any of the assets held (whether by a trustee, custodian or otherwise) on behalf of any other plan which satisfies the applicable requirements of Code Sections 401(a) or 403(a), and which is maintained for the benefit of any persons who are or are about to become Participants in this Plan. Nothing shall require the Trustee, custodian, or Administrator to accept assets in kind that are illiquid or not subject to ease of valuation.

ARTICLE V ALLOCATIONS TO PARTICIPANTS' ACCOUNTS

5.1 Individual Accounts.

- (A) The Administrator shall establish and maintain the following Accounts in the name of each Participant to the extent applicable:

- (i) Elective Deferral Account;
- (ii) Matching Contribution Account;
- (iii) Regular Account;
- (iv) Rollover Account; and
- (v) Voluntary Contribution Account.

In addition, the Administrator may establish one or more sub-accounts of a Participant's Account or Accounts, if the Administrator determines such sub-accounts are necessary or appropriate in administering the Plan. The amount contributed by a Participant or allocated to such Participant shall be credited to their Accounts in the manner set forth in Section 5.2 hereof. All payments to a Participant or their Beneficiaries shall be charged against the respective Accounts of such Participant.

- (B) If any Participant ceases to participate because of a break in service and again becomes an Eligible Employee, the Administrator shall, upon the commencement of such Employee's re-participation, establish new Accounts for him.

5.2 Order of Adjustment to Accounts.

As of each Valuation Date, the Administrator shall:

- (A) First, charge to the individual Accounts all payments or distributions made from such Accounts as of such Valuation Date as provided in Section 5.3;
- (B) Second, exclude any amounts that become forfeitable during such Plan Year and allocate the net fair market value of the Trust as provided in Section 5.3 to the remaining Account balances of all Participants; and
- (C) Third, credit to the respective individual Accounts Employer contributions and forfeitures, if any, which are to be credited as of such date in accordance with Section 5.4.

5.3 Valuation of Accounts.

As of each Valuation Date, the Administrator shall determine the fair market value of the Trust and shall then determine the net earnings, gains, and/or losses of the Trust for such Plan Year.

As of each Valuation Date the investment earnings (or losses, if such computation is negative) and the changes in the fair market value shall be allocated to the individual Accounts based upon a fraction the numerator of which shall be the balance of each such Account at the previous Valuation Date, plus any additions and less any withdrawals made to such Accounts since the previous Valuation Date, properly adjusted to consider time each amount was in the Trust and the denominator shall be the sum of the above.

Except as provided in Section 5.6(C), the allocations required by this Section shall be the first (1st) and second (2nd) allocations made by the Administrator at the end of each Plan Year.

5.4 Crediting of Employer Contributions.

- (A) Elective Deferrals. The Administrator shall allocate to each Participant's Elective Deferral Account the Elective Deferrals the Employer makes to the Trust on behalf of the Participant for the Plan Year.
- (B) Matching Contributions. The Administrator shall allocate to each Participant's Matching Contribution Account the Matching Contributions and/or Special Matching Contributions the Employer makes to the Trust on behalf of the Participant for the Plan Year.
- (C) Profit Sharing Contributions. A Participant shall be entitled to share in the Profit Sharing Contributions for a Plan Year, if any, which occurred during such Plan Year if, during such Plan Year, he was employed for at least one (1) day.

As of each payroll date or as soon as administratively feasible thereafter, the Profit Sharing Contributions for the preceding pay period shall be allocated among and credited to the Regular Accounts of the Participants entitled to share in such contributions. As soon as administratively feasible after each Anniversary Date, forfeitures in proportion to each Participant's Compensation for the Plan Year shall be allocated each Participant's Regular Account.

5.5 Crediting of Voluntary Contributions.

Since no Voluntary Contributions are permitted under this Plan after December 31, 1986, there will be no crediting of such contributions. However, in the event Voluntary Contributions were made to the Plan for Plan Years beginning before December 31, 1986, such Voluntary Contributions will be maintained in separate Voluntary Contribution Accounts for each Participant which will be non-forfeitable at all times. The respective Voluntary Contribution Accounts will share in gains and losses of the Trust in the same manner as described in Section 5.3 of the Plan. The Participant may withdraw any part of the respective Voluntary Contribution Accounts by making a written application to the Administrator. A Participant shall be limited to two withdrawals in each Plan Year.

5.6 Limitation on Allocations to Participants.

Effective for Limitation Years commencing on or after June 30, 2007, except as otherwise provided in Section 4.1(E):

- (A) The Annual Addition to the Accounts of any Participant for any Plan Year under this Plan and under any other qualified defined contribution plan of the Employer may not exceed the lesser of the limits set by the IRS in accordance with Code Section 415(d), or one-hundred percent (100%) of the Participant's "415 Compensation" for the Limitation Year. Notwithstanding the foregoing, the "415 Compensation" limitation expressed as a percentage and referred to above shall not apply to any contribution for medical benefits within the meaning of Section 401(h) or Section 419A(f)(2) of the Code which is otherwise treated as Annual Additions under Section 415(l)(1) or Section 419A(d)(2) of the Code.

- (B) Annual Additions shall not include amounts listed in Sections 415(c)-1(b)(2)(ii) or 1.415(c)-1(b)(3)(i)(v) of the Regulations, including restorative payments that are allocated to a Participant's Accounts. For this purpose, restorative payments are payments made to restore losses to the Plan resulting from actions by a fiduciary for which there is reasonable risk of liability for breach of a fiduciary duty under applicable state law, where Participants who are similarly situated are treated similarly with respect to the payments. Generally, payments to a defined contribution plan are restorative payments only if the payments are made in order to restore some or all of the plan's losses due to an action (or a failure to act) that creates a reasonable risk of liability for such a breach of fiduciary duty (other than a breach of fiduciary duty arising from failure to remit contributions to the plan). This includes payments to a plan made pursuant to a court-approved settlement, to restore losses to a qualified defined contribution plan on account of the breach of fiduciary duty (other than a breach of fiduciary duty arising from failure to remit contributions to the plan). Payments made to a plan to make up for losses due merely to market fluctuations and other payments that are not made on account of a reasonable risk of liability for breach of a fiduciary duty under California law are not restorative payments and generally constitute contributions that give rise to Annual Additions.
- (C) In the event that the allocation of Annual Additions as provided in this Section would result in an allocation to a Participant in excess of the foregoing limit on Annual Additions, the Employer should correct such excess in accordance with the Employee Plans Compliance Resolution System promulgated in Rev. Proc. 2013-12, as amended and/or superseded.
- (D) For purposes of this Section 5.6, the term "415 Compensation" shall mean a Participant's earned income, wages, salaries and fees for professional services (without regard to whether or not such amount is paid in cash) and other amounts received for personal services actually rendered in the course of employment with an Employer maintaining the Plan (including, but not limited to, commissions paid salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips and bonuses, any salary reduction elected pursuant to any employee benefit plan as defined in Section 401(k) of the Code, any cafeteria plan as defined in Section 125 of the Code, or any deferred compensation plan as defined in Section 457 of the Code, and effective as of July 1, 2001, any amounts that are not includible in income under Section 132(f)(4) of the Code).
- (E) In addition to the above, 415 Compensation also includes the following payments after severance from employment:
- (i) regular pay, which, for purposes of this Section, are payments for regular compensation for service during the Participant's regular working hours, or compensation for services outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments, and where such payments would have been paid to the Participant prior to a severance from employment if the Participant had continued in employment with the Employer;

- (ii) leave cash-outs, in accordance with Section 1.415(c)-2(e)(3)(iii) of the Regulations, which include payment for unused accrued bona fide sick, vacation, or other leave, but only if the Participant would have been able to use the leave if employment had continued; and
 - (iii) deferred compensation in accordance with Section 1.415(c)-2(e)(3)(iii) of the Regulations, received by the Participant pursuant to a nonqualified unfunded deferred compensation plan, but only if the payment would have been paid to the Participant at the same time if the Participant had continued employment with the Employer and only to the extent that the payment is includible in the Participant's gross income.
- (F) Payments for regular pay, leave cash-outs, and deferred compensation paid after severance from employment are included in 415 Compensation only where such payments are paid by the later of 2 ½ months after severance from employment with the Employer or the end of the Limitation Year that includes the date of severance from employment with the Employer.
- (G) The term, "severance from employment" is determined in the same manner as under Section 1.401(k)-1(d)(2) of the Regulations, except that, for purposes of determining the Employer, the modifications under Section 415(h) of the Code (as described in Section 1.415(a)-1(f) of the Regulations), apply.
- (H) Furthermore in the case of an Employee of two or more corporations which are members of a controlled group of corporations (as defined in Code section 414(b) as modified by Code section 415(h)), 415 Compensation includes compensation from all employers that are members of the group, regardless of whether the Participant's particular employer has a qualified plan. This rule also applies to an Employee of two or more trades or businesses (whether or not incorporated) that are under common control (as defined in Code Section 414(c) as modified by Code Section 415(h)), to an Employee of two or more members of an affiliated service group (as defined in Code section 414(m)), and to an Employee of two or more members of any group of employers who must be aggregated and treated as one employer pursuant to Code section 414(o).
- (I) 415 Compensation excludes the following:
 - (i) Employer contributions to a plan of deferred compensation which are not includible in the Participant's gross income for the Taxable Year in which contributed (or Employer contributions to a simplified employee pension plan to the extent deductible by the Employee) or any distributions from a plan of deferred compensation (except for payments of deferred compensation after severance from employment as described above);
 - (ii) Amounts realized from the exercise of a nonstatutory option as defined in Section 1.421-1(b) of the Regulations, or when restricted stock (or property) held by a Participant either becomes freely transferable or is no longer subject to a substantial risk of forfeiture (pursuant to Regulations promulgated under Code section 83);

- (iii) Amounts realized from the sale, exchange or other disposition of stock acquired under a statutory stock option (as defined in Section 1.421-1(b) of the Regulations; and
- (iv) Other amounts that receive special tax benefits, such as premiums for group-term life insurance (but only to the extent that the premiums are not includible in the Employees gross income and are not salary reduction amounts described in Code section 125).
- (v) For purposes of applying the limitations of this Article, 415 Compensation for a Limitation Year is the Compensation actually paid or otherwise includible in gross income during such Limitation Year.

Notwithstanding the foregoing, “415 Compensation” shall not exceed the sum set by the IRS in accordance with Section 415(d) of the Code).

- (J) For the purpose of this Section 5.6 the term “Annual Addition” shall have the following meaning: the sum for each Participant for each Plan Year of the following (a) the Participant’s Elective Deferrals, (b) all Employer contributions not described in a) above as well as forfeitures, (c) Participant’s employee contributions, if any, (d) amounts allocated to an individual medical account (as defined in Section 415(l) of the Code) which is part of a pension or annuity plan maintained by the Employer, and (e) amounts derived from contributions which are attributable to post-retirement medical benefits, if any (as described in Sections 419A(d) and 419(e) of the Code, respectively). It includes such amounts under this Plan and any other defined contribution plan of the Employer. For purposes of applying Section 414(b) and (c) of the Code to determine whether an entity is an Affiliated Company, for purposes of this definition only, the percentage of control referred to in Section 1563(a)(1) of the Code shall be more than 50% (rather than 80%) or more) as provided in Section 415(h) of the Code. For the foregoing purposes, employee contributions shall not include any rollover contributions (as defined in Section 402(c), 403(a)(4), 403(b)(8), 405(b)(3) and 408(d)(3) of the Code), or any employee contributions to a simplified employee pension plan allowable as a deduction under Section 219(a) of the Code.

ARTICLE VI RIGHT TO BENEFITS

6.1 Vesting of Accounts.

The Elective Deferral Account, Matching Contribution Account, Regular Account, Rollover Account and Voluntary Contribution Account, if any, shall be one hundred percent (100%) vested and non-forfeitable at all times.

ARTICLE VII
DISTRIBUTION OF BENEFITS

7.1 Methods and Time of Distributions.

- (A) Settlement Options. Subject to the provisions hereof, the Administrator shall direct the Trustee to distribute the net credit balances in a Participant's Elective Deferral Account, Matching Contribution Account, Regular Account, Rollover Account and Voluntary Contribution Account, if any, to or for the benefit of such Participant in any one or a combination of the following methods:
- (i) In cash or in-kind (other than in the form of a life annuity) in a single lump-sum payment provided that, except as provided in Section 7.3, the Participant and the Participant's spouse, if any, consent in writing thereto.
 - (ii) In cash or in-kind in a series of substantially equal annual or more frequent installments over:
 - (a) Any period allowed by the Code and the Regulations as in effect prior to the Tax Equity and Fiscal Responsibility Act of 1982 if the Participant had made an effective election under Section 242(b) of such Act which has not been revoked; or
 - (b) A period not to exceed the greater of:
 - (I) the Participant's Life Expectancy; or
 - (II) the joint and last survivor expectancy of the Participant and the Participant's Beneficiary (if the Beneficiary is an individual); or
 - (iii) An annuity payable under any option available, which is in compliance with the Code and Regulations. If distribution is to be made by purchase of an annuity contract, the Trustee will reduce to cash the amount to which the Participant or such Participant's Beneficiary is entitled under the provisions of the Plan and apply such amount to the purchase of an immediate annuity contract from an insurer on such terms as the Administrator may direct, and shall deliver such annuity contract to the Participant or Beneficiary. Any such annuity contract shall provide that it cannot be transferred by the Participant or Beneficiary, except to the insurer. Any annuity contracts purchased and distributed under this Section of the Plan must meet the consent requirements of Code Section 417 and the Regulations promulgated thereunder.
- (B) Commencement of Benefits.
- (i) General Rule. Unless the Participant elects otherwise, distribution of benefits will begin no later than the sixtieth (60th) day after the latest of the close of the Plan Year in which:
 - (a) The Participant attains age sixty-five (65) (or Normal Retirement Age, if earlier);

(b) Occurs the tenth (10th) anniversary of the year in which the Participant commenced participation in the Plan; or

(c) The Participant terminates employment with the Employer.

(ii) If the value of the Elective Deferral Account, Matching Contribution Account, Regular Account and Voluntary Contribution Account is in excess of \$5,000, the failure of a Participant to affirmatively agree in writing to receive a benefit distribution while a benefit is immediately distributable, within the meaning of Section 7.3, shall be deemed to be an election to defer commencement of payment of any benefit sufficient to satisfy this paragraph.

(iii) Any required consent by a Participant to receive a distribution of their benefit while such benefit is immediately distributable, within the meaning of Section 7.3 shall be in writing and may be given only after the Participant has received a general explanation of Participant's options in accordance with Section 1.411(a)-11(c) of the Income Tax Regulations and Sections 402(f), and 417 of the Code. Said notice shall be given at least 30 days, but not more than 180 days, prior to making the distribution unless:

(a) The Administrator clearly informs the Participant of their right to at least thirty (30) days to consider Participant's decision;

(b) The Participant, after receiving the said notice, affirmatively elects the distribution; and

(c) the distribution is not one to which Sections 401(a)(11) and 417 of the Code apply.

In addition, said notice shall include a description of the Participant's right, if any, to defer receipt of a distribution, including a description of the consequences of failing to defer receipt of the distribution, a description indicating the investment options available under the Plan (including fees, if any) that will be charged to the Participant's Account if the Participant defers distribution; and the portion of the summary plan description that contains any special rules that might affect materially a Participant's decision to defer.

(iv) Distribution Events. Except as otherwise provided in the Plan, Elective Deferral Account, Matching Contribution Account, and Regular Account are not distributable to a Participant or their Beneficiary earlier than upon severance from employment, death, or Total and Permanent Disability; provided, however, such Accounts may also be distributed upon:

(a) Termination of the Plan without the establishment of another defined contribution plan, or

(b) The attainment of age 59 1/2.

- (C) Hardship Distributions. Prior to January 1, 2019, distributions of Elective Deferrals (and earnings thereon accrued as of December 31, 1988) may be made to a Participant in the event of hardship. For the purposes of this Section, hardship is defined as an immediate and heavy financial need of the Employee where such Employee lacks other available resources. After January 1, 2019, hardship distributions may be made from all amounts in a Participant's Account, regardless of source.
- (i) A distribution under the Plan is hereby deemed to be on account of an immediate and heavy financial need of an Employee if the distribution is for one of the following or any other item permitted under Regulation Section 1.401(k)-1(d)(3)(iii)(B):
- (a) Expenses for (or necessary to obtain) medical care that would be deductible under Code Section 213(d) (determined without regard to whether the expenses exceed 7.5% of adjusted gross income);
 - (b) Costs directly related to the purchase of a principal residence for the Employee (excluding mortgage payments);
 - (c) Payment of tuition, related educational fees, and room and board expenses, for up to the next twelve (12) months of post-secondary education for the Employee, the Employee's spouse, children, or dependents (as defined in Code Section 152, and, for taxable years beginning on or after January 1, 2005, without regard to Code Section 152(b)(1), (b)(2), and (d)(1)(B));
 - (d) Payments necessary to prevent the eviction of the Employee from the Employee's principal residence or foreclosure on the mortgage on that residence;
 - (e) Payments for burial or funeral expenses for the Employee's deceased parent, spouse, children, dependents (as defined in Code Section 152, and, for taxable years beginning on or after January 1, 2005, without regard to Code Section 152(d)(1)(B)) or beneficiaries;
 - (f) Expenses for the repair of damage to the Employee's principal residence without regard to whether the loss is attributable to a Federally declared disaster); or
 - (g) Expenses and losses (including loss of income) incurred by the Participant on account of a disaster declared by the Federal Emergency Management Agency (FEMA), provided that the Participant's principal residence or principal place of employment at the time of the disaster was located in an area designated by FEMA for individual assistance with respect to the disaster.
- (ii) Effective as of January 1, 2006, because the Plan provides for hardship distributions upon satisfaction of the safe harbor standards set forth in Regulation Sections 1.401(k)-1(d)(3)(iii)(B) (deemed immediate and heavy financial need) and 1.401(k)-1(d)(3)(iv)(E) (deemed necessary to satisfy

immediate need), there shall be no reduction in the maximum amount of Elective Deferrals that a Participant may make pursuant to Code Section 402(g) solely because of a hardship distribution made by this Plan or any other plan of the Employer.

- (iii) For hardship distributions made prior to June 30, 2019, a Participant's Elective Deferrals, DCP Deferrals and similar contributions and after-tax contributions elected by the Participant under all other qualified and non-qualified plans of deferred compensation (including similar plans) maintained by the Employer, shall be suspended for six (6) months after receipt of the hardship distribution. Following the six (6) month suspension, such Participant's Elective Deferrals and DCP Deferrals shall resume only upon affirmative election by the Participant. Effective for hardship distributions made on or after July 1, 2019, the restriction in this Section 7.1(C)(iii) shall not apply.
- (D) Non-Spouse Beneficiary Rollover. A non-spouse Beneficiary who is a "designated beneficiary" under Section 401(a)(9)(E) of the Code and the Regulations thereunder, may, by a direct trustee-to-trustee transfer, roll over all or any portion of their distribution to an individual retirement account the Beneficiary establishes for purposes of receiving the distribution. In order to be able to rollover the distribution, the distribution otherwise must satisfy the definition of an eligible rollover distribution.
- (i) Although a non-spouse Beneficiary may roll over directly a distribution, any distribution made prior to January 1, 2010 is not subject to the direct rollover requirements of Section 401(a)(31) of the Code (including Section 401(a)(31)(B) of the Code, the notice requirements of Section 402(f) of the Code or the mandatory withholding requirements of Section 3405(c) of the Code). If a non-spouse Beneficiary receives a distribution from the Plan, the distribution is not eligible for a "60-day" rollover.
 - (ii) If the Participant's named Beneficiary is a trust, the Plan may make a direct rollover to an individual retirement account on behalf of the trust, provided the trust satisfies the requirements to be a designated Beneficiary within the meaning of Section 401(a)(9)(E) of the Code.
 - (iii) A non-spouse Beneficiary may not roll over an amount which is a required minimum distribution, as determined under applicable Regulations and other IRS guidance. If the Participant dies before their required beginning date and the non-spouse Beneficiary rolls over to an IRA the maximum amount eligible for rollover, the Beneficiary may elect to use either the 5-year rule or the life expectancy rule, pursuant to Section 1.401(a)(9)-3, A-4(c) of the Regulations, in determining the required minimum distributions from the IRA that receives the non-spouse Beneficiary's distribution.
- (E) Direct Rollover. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this part, a Distributee may elect, at the time and in the manner prescribed by the Administrator, to have any

portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover.

- (F) For purposes of Section 7.1(D) of the Plan, the following definitions apply:
- (i) **“Eligible Rollover Distribution”** shall mean any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or Life Expectancy) of the Distributee or the joint lives (or joint Life Expectancies) of the Distributee and the Distributee’s Beneficiary, or for a specified period of ten (10) years or more; any distribution to the extent such distribution is required under Code Section 401(a)(9); any hardship distribution; the portion of any other distribution(s) that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to Employer securities); and any other distribution(s) that is reasonably expected to total less than \$200 during a year. A portion of a distribution shall not fail to be an Eligible Rollover Distribution merely because the portion consists of Voluntary Contributions which are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in Sections 408(a) or (b) of the Code, or to a qualified defined contribution plan described in Section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.
 - (ii) **“Eligible Retirement Plan”** shall mean an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan, an individual retirement account described in Section 408(a) of the Code, and individual retirement annuity described in Section 408(b) of the Code an annuity plan described in Section 403(a) of the Code, an annuity contract described in Section 403(b) of the Code, or a qualified plan described in Section 401(a) of the Code, that accepts the Distributee’s Eligible Rollover Distribution. The definition of Eligible Retirement Plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relation order, as defined in Section 414(p) of the Code. If any portion of an Eligible Rollover Distribution is attributable to payments or distributions from a designated Roth account, an Eligible Retirement Plan with respect to such portion shall include only another designated Roth account of the individual from whose account the payments or distributions were made, or a Roth IRA, as described in Section 408A(b) of the Code, of such individual.

- (iii) **“Distributee”** shall mean an Employee, former Employee, the Employee’s or former Employee’s surviving spouse or the Employee’s or former Employee’s spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code.
- (iv) **“Direct Rollover”** shall mean a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

7.2 Cash-Outs.

- (A) The following rules shall apply if the net credit balances in the Participant’s Elective Deferral Account, Matching Contribution Account, Regular Account and Voluntary Contribution Account become distributable from the Plan:
 - (i) Effective for Plan Years commencing on or after July 1, 2001, if the value of the Participant’s vested interest in such Account or Accounts at the time of the distribution does not exceed \$5,000.00, the Administrator shall distribute, in one lump sum payment, the value of the entire vested interest in such Account or Accounts to the Participant without the Participant’s consent and the nonvested portion of such Account or Accounts, if any, will be treated as a forfeiture.
 - (ii) For purposes of this Section 7.2(A), if the value of a Participant’s vested balance in their Account or Accounts is zero, the Participant shall be deemed to have received a distribution of such vested balance in their Account or Accounts.
 - (iii) For purposes of determining dollar value of Accounts under this Section 7.2, the value of a Participant’s non-forfeitable account balance shall be determined without regard to that portion of the account balance that is attributable to rollover contributions (and earnings allocable thereto) within the meaning of Code Sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e)(16).
- (B) Notwithstanding any contrary provision of the Plan, in the event that a distribution is made from the Plan on or after July 1, 2007 of an amount of \$5,000 or less in accordance with the provisions of Subsection 7.2(A) above, if the Participant fails to elect to have such distribution either (i) paid directly to an eligible retirement plan specified by the Participant in a direct rollover, or (ii) receive the distribution directly, then the Administrator will pay the distribution in a direct rollover to an individual retirement plan designated by said Administrator.
- (C) In the event:
 - (i) the net credit balances in the Participant’s Account or Accounts become distributable pursuant to the provisions of the Plan; and
 - (ii) the value of the Participant’s vested interest in such Account or Accounts exceeds \$5,000.00, the Participant must consent in writing to any immediate distribution.

The distribution of the Account balance is deemed to be an immediate distribution if any part of the Account balance could be distributed to the Participant before the Participant attains (or would have attained if not deceased) the later of Normal Retirement Age or age sixty-two (62).

- (D) No Trustee Discretion. The Trustee shall have no discretion with respect to making distributions under the Plan and, therefore, except as otherwise specifically provided hereinabove, shall make distributions only at such times and in such manner as the Administrator directs. The Trustee shall have no responsibility to see to the application of distributions so made or to ascertain whether the directions of the Administrator comply with the Plan.

7.3 Persons Under Legal or Other Disability.

In the event a Participant or their Beneficiary is judicially determined to be incompetent and a conservator or other person legally charged with the care of their person or of their estate is appointed any benefits to which such Participant or Beneficiary is entitled shall be paid to such conservator or other person legally charged with the care of their person or of their estate. Except as provided in this Section, when, in the opinion of the Administrator, a Participant or their Beneficiary is in any way incapacitated so as to be unable to manage their financial affairs, the Administrator may direct the Trustee to make payments or distributions to their legal representative for their benefit, or the Administrator may direct the Trustee to make payments and distributions for the exclusive benefit of the Participant or their Beneficiary.

The decision of the Administrator shall, in each case, be final and binding upon all parties, and any distribution made pursuant to the power herein conferred on the Administrator shall, to the extent so made, be a complete discharge of the obligations under the Plan, the Employer and the Administrator with respect to such Participant or Beneficiary.

7.4 Missing Participants or Beneficiaries.

Each Participant and each Beneficiary shall file, or cause to be filed, with Administrator from time to time in writing, their post office address and each change of post office address. Any communication, statement or notice addressed to a Participant or their Beneficiary at their last post office address filed with the Administrator, or if no address is filed with the Administrator then at their last post office address as shown on the Employer's records, will be binding on the Participant and their Beneficiary for all purposes of the Plan. Neither the Administrator nor the Trustee shall be required to search for or locate a Participant or their Beneficiary. Provided however, if a distribution of \$5,000 cannot be distributed because the Participant can't be located, the Administrator shall distribute the Accounts of such Participant to an IRA account in the name of the Participant. If the amount of the Accounts of the missing Participant is in excess of \$5,000, then such accounts shall be held by the Plan until a diligent search using the IRS Locator Service has been conducted. If thereafter the Participant still can't be found, the Administrator shall distribute the accounts of such Participant to an IRA account in the name of the Participant.

7.5 Lien for Debts to Trust.

If, at the time of occurrence of any event which causes a distribution to be made hereunder, notwithstanding any other provisions of the Plan to the contrary, should a Participant have any outstanding indebtedness to Trust, the Administrator shall determine the total amount of such indebtedness and notify the Trustee. The Trustee, upon receipt of such notice, shall retain such

amount from the Participant's vested Account or Accounts. In the event the Participant is to receive payment of their interest herein by lump sum, the Trustee shall pay the Trust the debt outstanding and then distribute the remaining balance, if any, to the Participant. In the event the Participant is paid in installments, the installment payments will first be used to satisfy the debt and, after the debt is satisfied, the Participant shall receive the remaining installment payments, if any.

7.6 Qualified Domestic Relations Orders.

If the Administrator receives a Domestic Relations Order (an "Order") with respect to the Plan Benefit of a Participant, the Administrator shall determine, in accordance with its qualified domestic relations order procedures whether it is a Qualified Domestic Relations Order ("QDRO") as defined in Section 414(p) of the Code. If the Order satisfies said definition, the Administrator shall instruct the Trustee as to payment and shall take any other appropriate action necessary to comply with the Order. Furthermore, an Order that otherwise satisfies the requirements for a QDRO will not fail to be a QDRO solely because: (i) the Order is issued after, or revises, another Order or QDRO; or (ii) of the time at which the order is issued, including issuance after the annuity starting date or after the Participant's death. If the Administrator determines that the Order does not qualify as a QDRO, then the Participant and the person who submitted the Order shall be notified of the Administrator's decision.

Notwithstanding anything contrary in this Plan, an Order that provides for the distribution of benefits to an alternate payee at a time when such benefits are not payable to the Participant, shall not for such reason be deemed to be other than a QDRO regardless of whether the Participant has reached the earliest retirement age as defined in Section 414(q) of the Code.

ARTICLE VIII TOP HEAVY PROVISIONS

Because the Plan is a government plan, as defined in Code Section 414(d), it is exempt from the top-heavy rules under Code Section 401(A)(10)(B).

ARTICLE IX ROLLOVER CONTRIBUTIONS

9.1 Direct Inter-Plan Transfers.

- (A) Any Participant may, with the prior written consent of the Administrator, direct the appropriate funding agency or fiduciary of any qualified retirement plan ("Transferor Plan") to transfer directly to the Trustee such Participant's entire interest in the Transferor Plan, exclusive of contributions made by the Participant as an employee or participant thereunder. Upon receipt by the Trustee of such a distribution, the Administrator shall establish a Rollover Account on behalf of the Participant in whose behalf such distribution was received. Such direct inter-plan transfer will comply with Code Section 411(d)(6) and the Regulations issued thereunder.
- (B) In the event a Participant shall be entitled to receive benefits under this Plan pursuant to the provisions of Articles VI and VII hereof and such Participant, prior

to the distribution to him of the Plan benefit, becomes employed by another employer which maintains a qualified retirement plan (hereinafter referred to as the "Transferee Plan"), the Administrator, at the request of such Participant, shall direct the Trustee to transfer such Participant's Plan benefit directly to the trustee of the Transferee Plan if each of the following conditions are satisfied:

- (i) the trustee of the Transferee Plan shall be authorized to accept the Plan benefit;
- (ii) the Plan benefit shall be maintained in a separate account in the Transferee Plan; and
- (iii) the Plan benefit shall not be forfeitable or reduce in any way the obligation of the sponsor of the Transferee Plan.

9.2 Rollover to the Plan.

Any Participant may, with the prior written consent of the Administrator, contribute a Rollover Amount to the Trust; provided, however, the Administrator may, in its sole discretion, refuse any such rollover. Upon receipt by the Trustee of a Rollover Amount, the Administrator shall establish a Rollover Account on behalf of the Participant in whose behalf such Rollover Amount was contributed.

9.3 Rollover Account Conditions and Limitations.

The Trustee shall not accept an inter-plan transfer pursuant to Section 9.1 or a Rollover Amount pursuant to Section 9.2 unless each of the following conditions are satisfied:

- (A) With respect to a direct inter-plan transfer pursuant to Section 9.1, the Rollover Amounts so transferred is certified by the trustee of the transferor plan to be permitted under the terms of such plan and the relevant provisions of the Code;
- (B) With respect to Rollover Amounts contributed pursuant to Section 9.2, the Participant shall present a written certification, in form satisfactory to the Administrator to the effect that such Rollover Amount is permitted under the relevant provision of the Code.
- (C) No Rollover Amount shall be less than \$100.00.
- (D) If it is determined that a Participant's Rollover Contribution mistakenly failed to be qualified under the Code, then the balance in the Participant's Rollover Account attributable to the mistaken transfer or rollover immediately shall be:
 - (i) Segregated from other Plan assets,
 - (ii) Treated as a nonqualified trust established by and for the benefit of the Participant, and
 - (iii) Distributed to the Participant.

Such mistaken Rollover Amount shall be deemed never to have been a part of the Plan.

9.4 Withdrawal of Rollover Accounts.

A Participant shall be limited to two withdrawals from their Rollover Account in each Plan Year.

ARTICLE X LIFE INSURANCE

10.1 Investment in Life Insurance Contracts.

No whole life, universal life, or term insurance shall be permitted under the terms of this Plan.

ARTICLE XI MINIMUM DISTRIBUTIONS REQUIREMENTS

11.1 General Rules

- (A) The provisions of this Article XVI and to the extent applicable the provisions of Subsections 7.1(D) and 7.1(E) will apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 calendar year.
- (B) Precedence. The requirements of this Article XVI will take precedence over any inconsistent provisions of the Plan.
- (C) Requirements of Treasury Regulations Incorporated. All distributions required under this Article XVI will be determined and made in accordance with the Regulations under Section 401(a)(9) of the Code.
- (D) TEFRA Section 242(b)(2) Elections. Notwithstanding the other provisions of this Article XVI, distributions may be made under a designation made before January 1, 1984, in accordance with Section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and the provisions of the Plan that relate to Section 242(b)(2) of TEFRA.

11.2 Time and Manner of Distribution

- (A) Required Beginning Date. The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's required beginning date, which shall be April 1 of the calendar year following the later of the calendar year in which the participant attains age 72 (age 70½, if the Participant attained age 70½ prior to 2020), or the calendar year in which the Participant separates from service with the Employer.
- (B) Death of Participant Before Distributions Begin. If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:
 - (i) If the Participant's surviving spouse is the Participant's sole designated Beneficiary, then distributions to the surviving spouse will begin by

December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 72 (age 70½, if the Participant died or attained age 70½ prior to 2020), if later.

- (ii) If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, then, except as otherwise provided in Section 11.__, distributions to an Eligible Designated Beneficiary shall be paid under the five-year rule described herein, unless the designated Beneficiary elects to receive payments over his or her lifetime, provided that such payments begin by December 31 of the year following the year of the Participant's death.
 - (iii) If there is a designated Beneficiary, but no Eligible Designated Beneficiary, as of September 30 of the year following the year of the Participant's death, then distributions to the Participant's designated Beneficiary (if any) shall be distributed by December 31 of the calendar year containing the tenth anniversary of the Participant's death.
 - (iv) If there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest shall be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.
 - (v) If the Participant's Eligible Designated Beneficiary with respect to any portion of a Participant's Account dies (or ceases to be an eligible designated Beneficiary) before such portion is entirely distributed, any remainder of such portion shall be distributed by December 31 of the calendar year containing the tenth anniversary of such Eligible Designated Beneficiary's death (or the date on which the beneficiary ceased to be an Eligible Designated Beneficiary).
 - (vi) For purposes of this Subsection 16.2(B) and Subsection 16.4 herein, distributions are considered to begin on the Participant's required beginning date. If Subsection 16.2(B)(4) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under Subsection 16.2(B)(1). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's required beginning date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under Subsection 16.2(B)(1), the date distributions are considered to begin is the date distributions actually commence.
- (C) Forms of Distribution. Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with Sections 16.3 and 16.4. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions hereunder will be made in accordance with the requirements of Section 401(a)(9) of the Code and the Regulations thereunder.

11.3 Required Minimum Distributions During Participant's Lifetime

- (A) Amount of Required Minimum Distribution for Each Distribution Calendar Year. During the Participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:
 - (i) the quotient obtained by dividing the Participant's account balance by the distribution period in the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the Regulations, using the Participant's age as of the Participant's birthday in the distribution calendar year; or
 - (ii) if the Participant's sole designated Beneficiary for the distribution calendar year is the Participant's spouse, the quotient obtained by dividing the Participant's account balance by the number in the Joint and Last Survivor Table set forth in Section 1.401(a)(9)-9 of the Regulations, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the distribution calendar year.
- (B) Lifetime Required Minimum Distributions Continue Through Years of Participant's Death. Required minimum distributions will be determined under this section 3 beginning with the first distribution calendar year and up to and including the distribution calendar year that includes the Participant's date of death.
- (C) Election to Allow Participants or Beneficiaries to Elect 5-Year Rule.

Notwithstanding the above, Participants or beneficiaries may elect on an individual basis whether the 5-year rule or the life expectancy rule in Sections 16.2(B) and 16.4(B) herein applies to distributions after the death of a Participant who has a designated Beneficiary. The election must be made no later than the earlier of September 30 of the calendar year in which distribution would be required to begin under Section 7.1(E)(v) herein, or by September 30 of the calendar year which contains the fifth anniversary of the Participant's (or, if applicable, surviving spouse's) death. If neither the Participant nor Beneficiary makes an election under this paragraph, distributions will be made in accordance with Sections 16.2(B) and 16.4(B) herein.

11.4 Required Minimum Distributions After Participant's Death

- (A) Death On or After Date Distributions Begin
 - (i) Participant Survived by Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's designated Beneficiary, determined as follows:
 - (a) The Participant's remaining life expectancy is calculated using the date of the Participant in the year of death, reduced by one for each subsequent year.

(b) If the Participant's surviving spouse is the Participant's sole designated Beneficiary, the remaining life expectancy of the surviving spouse is calculated for each distribution calendar year after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year. For distribution calendar years after the year of the surviving spouse's death, the remaining life expectancy of the surviving spouse is calculated using the date of the surviving spouse as of the spouse's birthday in the calendar year of the spouse's death, reduced by one for each subsequent calendar year.

(c) If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, the designated Beneficiary's remaining life expectancy is calculated using the age of the Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

- (ii) No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no designated Beneficiary as of September 30 of the year after the year of the Participant's death, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the Participant's remaining life expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(B) Death Before Date Distributions Begin

- (i) Participant Survived by Designated Beneficiary. Except as provided in the Plan, if the Participant dies before the date distributions begin and there is an Eligible Designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant's designated Beneficiary, determined as provided in Subsection 7.1(E)(iii).
- (ii) No Eligible Designated Beneficiary. If the Participant dies before the date distributions begin and there is no Eligible Designated Beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the tenth anniversary of the Participant's death.
- (iii) No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no Designated Beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest shall be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.
- (iv) Death of Eligible Designated Beneficiary Before Distributions to Eligible Designated Beneficiary Are Required to Begin. If the Participant's Eligible Designated Beneficiary with respect to any portion of a Participant's

Account dies (or ceases to be an Eligible Designated Beneficiary) before such portion is entirely distributed, any remainder of such portion shall be distributed by December 31 of the calendar year containing the tenth anniversary of such Eligible Designated Beneficiary's death (or the date on which the beneficiary ceased to be an Eligible Designated Beneficiary).

11.5 Definitions

- (A) Designated Beneficiary. The individual who is designated as the Beneficiary under Section 1.3 of the Plan and is the designated Beneficiary under Section 401(a)(9) of the Internal Revenue Code and Section 1.401(a)(9)-1, Q&A-4, of the Regulations.
- (B) Distribution calendar year. A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year, which contains the Participant's required beginning date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin under Subsection 7.1(D) herein. The required minimum distribution for the Participant's first distribution calendar year will be made on or before the Participant's required beginning date. The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant's required beginning date occurs, will be made on or before December 31 of that distribution calendar year.
- (C) Eligible Designated Beneficiary. A person who is:
- (i) The surviving spouse of a Participant;
 - (ii) A child of the Participant who has not reached majority, provided that such child shall cease to be an Eligible Designated Beneficiary as of the date he or she reaches majority, and provided further that, under regulations prescribed by the Secretary of the Treasury, any amount paid to a child shall be treated for purposes of this Plan as if it had been paid to the Participant's Surviving Spouse if such amount will become payable to the Surviving Spouse upon the child reaching majority (or other designated event permitted under such regulations);
 - (iii) Disabled (within the meaning of section 72(m)(7) of the Code)
 - (iv) A chronically ill individual (within the meaning of section 401(a)(9)(E)(ii)(IV) of the Code); or
 - (v) An individual not more than ten years younger than the Participant.
- The determination of whether a designated Beneficiary is an Eligible Designated Beneficiary shall be made as of the date of the Participant's death.
- (D) Life expectancy. Life expectancy as computed by use of the Single Life Table in Section 1.401(a)(9)-9 of the Regulations.

(E) Participant's account balance. The Account balance as of the last Valuation Date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the account balance as of dates in the valuation calendar year after the Valuation Date and decreased by distributions made in the valuation calendar year after the Valuation date. The Account balance for the valuation calendar year includes any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.

(F) Required beginning date. The date specified in Subsection 7.1(E)(v) of the Plan.

11.6 2020 Required Minimum Distributions. Notwithstanding anything in the Plan to the contrary, a Participant or beneficiary who would have been required to receive required minimum distributions in 2020 (or paid in 2021 for the 2020 calendar year for a participant with a required beginning date of April 1, 2021) but for the enactment of section 401(a)(9)(I) of the Code ("2020 RMDs"), and who would have satisfied that requirement by receiving distributions that are either (1) equal to the 2020 RMDs, or (2) one or more payments (that include the 2020 RMDs) in a series of substantially equal periodic payments made at least annually and expected to last for the life (or life expectancy) of the participant, the joint lives (or joint life expectancies) of the participant and the participant's designated beneficiary, or for a period of at least 10 years ("Extended 2020 RMDs") will receive 2020 RMDs unless the Participant or beneficiary affirmatively elects not to receive 2020 RMDs. Such Participants and beneficiaries will be given an opportunity to make an election not to receive 2020 RMDs. A direct rollover will be offered only for distributions that are 2020 RMDs that are not Extended 2020 RMDs.

ARTICLE XII LOANS TO PARTICIPANTS

12.1 Requirements and Application.

The Administrator may, in its sole discretion, make loans to Participants which will constitute an individual investment of the Accounts of the Participant to whom such loan is made by the Plan, and each loan shall comply with the following:

- (A) loans shall be made available to all Participants on a reasonably equivalent basis;
- (B) loans shall not be made available to highly compensated employees in an amount greater than the amount made available to other Participants;
- (C) loans shall bear a reasonable rate of interest;
- (D) loans shall be adequately secured; and
- (E) loans shall provide for periodic repayment over a reasonable period of time.

12.2 Prohibited Transaction.

Loans shall not be made if such loan would be a prohibited transaction pursuant to Code Section 4975.

12.3 Repayment Period Limit.

Loans shall not be granted to any Participant that provide for a repayment period extending beyond such Participant's Normal Retirement Date.

12.4 Level Amortization.

Loans shall provide for level amortization with payments to be made not less frequently than quarterly over a period not to exceed five (5) years. However, loans used to acquire any dwelling unit which, within a reasonable time, is to be used (determined at the time the loan is made) as a principal residence of the Participant shall provide for periodic repayment over a reasonable period of time that may not exceed thirty (30) years.

12.5 Assignment or Pledge.

An assignment or pledge of any portion of a Participant's interest in the Plan and a loan, pledge, or assignment with respect to any insurance contract purchased under the Plan, shall be treated as a loan under this Section.

12.6 Loan Procedure Requirements.

All Participant loans shall be in accordance with the written loan procedure which must include, but need not be limited to, the following:

- (A) the identity of the person or positions authorized to administer the Participant loan program;
- (B) a procedure for applying for loans;
- (C) the basis on which loans will be approved or denied;
- (D) limitations, if any, on the types and amounts of loans offered;
- (E) the procedure under the program for determining a reasonable rate of interest;
- (F) the types of collateral which may secure a Participant loan; and
- (G) the events constituting default and the steps that will be taken to preserve Plan assets.

12.7 Written Loan Procedure.

Such Participant loan program shall be contained in a separate written document which, when properly executed, is hereby incorporated by reference and made a part of this Plan. Furthermore, such Participant loan program may be modified or amended in writing from time to time without the necessity of amending this Section of the Plan. Notwithstanding any other provisions of this Plan to the contrary, loan repayments will be suspended under this Plan as permitted under Code Section 414(u)(4).

ARTICLE XIII ADMINISTRATION

13.1 Administrator.

The Plan shall be administered by the Employer or by any person, including a committee consisting of at least one (1) individual, but not more than nine (9), appointed from time to time by the Employer and subject to removal by the Employer at any time, with or without cause. Except as may be directed by the Employer, no person serving as Administrator will receive any compensation for their services as Administrator.

13.2 Rights and Duties.

The Administrator shall make decisions concerning Plan operation on behalf of the Participants and their Beneficiaries, shall have all powers and duties necessary to accomplish this purpose, including, without limiting the generality of the foregoing, the following:

- (A) To make and enforce such rules and regulations as it deems necessary or proper for the efficient administration of the Plan;
- (B) To interpret the Plan, its interpretation thereof in good faith to be final and conclusive on all Employees, former Employees, Participants, former Participants, and Beneficiaries;
- (C) To determine all questions concerning the Plan and the eligibility of any person to participate in the Plan;
- (D) To determine, compute and certify to the Trustee the amount and form of benefits which will be payable to any Participant, former Participant, or Beneficiary in accordance with the provisions of the Plan, and to determine the person or persons to whom such benefits will be paid;
- (E) To authorize the payment of benefits and all other disbursements by the Trustee from the Trust;
- (F) To maintain all the necessary records for the administration of the Plan other than those maintained by the Trustee; and
- (G) To submit any information returns to the IRS and to provide comparable information to payees of distributions from the Plan subject to withholding as may be prescribed by the Secretary of the Treasury.
- (H) To maintain such information and records with respect to payments and distributions from the Plan, payees of benefits, and elections with respect to withholding as the Secretary of the Treasury may prescribe.

13.3 Funding Policy and Method.

Contributions by the Employer shall be made in such amounts, and at such times, as required by the provisions of this Plan.

13.4 Transmittal of Information.

In order to enable the Administrator to establish a funding policy and to perform its other functions under the Plan, the Employer shall supply full and timely information to the Administrator on all matters relating to the Compensation of all Employees and Participants, their employment, their retirement, death, or termination of employment, and such other pertinent facts as may be required. The Administrator shall advise the Trustee of such of the foregoing facts as may be pertinent to the Trustee's administration of the Trust.

13.5 Compensation.

The Administrator shall serve without compensation for the Administrator's services hereunder.

13.6 Retention of Advisers.

The Administrator may employ such persons or organizations to render advice or perform services with respect to the responsibilities of the Administrator under the Plan as the Administrator, in its sole discretion, determines to be necessary and appropriate. Such persons may include, without limitation, actuaries, attorneys, accountants, investment advisers and consultants. All costs, charges and expenses incurred by the Administrator under the provisions of this Section may be paid or reimbursed by the Employer or the Trust as provided in Section 12.2 of the Plan.

13.7 Indemnification.

To the extent permitted by the laws of the State of California, the Employer shall indemnify and hold harmless any other person to whom any fiduciary responsibility with respect to the Plan is allocated or delegated, from and against any and all liabilities and claims, including legal fees to defend against such liabilities and claims, and costs and expenses, arising out of their discharge in good faith of responsibilities under or incident to the Plan, excepting only expenses and liabilities arising out of willful misconduct or gross negligence.

13.8 Determinations and Corrections.

It is recognized in the administration of the Plan and Trust that certain mathematical and accounting errors may be made, or mistakes arise, by reason of factual errors in information supplied to the Administrator. The Administrator shall have the power to make such corrections and equitable adjustments, arising from mathematical, accounting or factual errors made in good faith, as the Administrator shall in its discretion deem appropriate, which adjustments shall be final and binding on all Employees, former Employees, Participants, former Participants and Beneficiaries.

13.9 Designation of Agents.

The Administrator shall, in its sole discretion, have the right to appoint such agents, as it may deem necessary to carry out its duties pursuant to the provisions of the Plan.

13.10 Relationship of Fiduciaries.

It is the intent of all fiduciaries under the Plan that each fiduciary shall be solely responsible for its own acts or omissions.

13.11 Claims for Benefits and Appeal Procedure.

- (A) Any request for benefits under the Plan by a Participant or former Participant, or in the case of a death benefit, by the Beneficiary of a deceased Participant shall be submitted to the person or persons appointed by the Administrator in writing on the form prescribed by the Administrator. If the Administrator wholly or partially denies a claim for benefits, the Administrator shall, within a reasonable period of time, but no later than ninety (90) days after receipt of the claim, notify the claimant in writing or electronically of the adverse benefit determination. Notice of an adverse benefit determination shall be written in a manner calculated to be understood by the claimant and shall contain:
- (i) the specific reason or reasons for the adverse benefit determination;
 - (ii) the specific reference to the Plan provisions on which the denial was based;
 - (iii) a description of any additional material or information that may be necessary to perfect the claim and an explanation of why such material or information is necessary; and
 - (iv) an explanation of the procedure for reviewing the denial of the claim and the time limits applicable to such procedure.

If the Administrator determines that an extension of time is necessary for processing the claim, the Administrator shall notify the claimant in writing of such extension, the special circumstances requiring the extension and the date by which the Administrator expects to render the benefit determination. In no event shall the extension exceed a period of ninety (90) days from the end of the initial ninety (90) day period.

- (B) Within sixty (60) days after the claimant receives the written or electronic notice of an adverse benefit determination, the claimant may file a written request with the Administrator that it conduct a full and fair review of the adverse benefit determination, including the holding of a hearing, if deemed necessary by the Administrator. In connection with the claimant's appeal of the adverse benefit determination, the claimant may review pertinent documents and may submit issues and comments in writing. The Administrator shall render a decision on the appeal promptly, but not later than sixty (60) days after the receipt of the claimant's request for review, unless special circumstances (such as the need to hold a hearing, if necessary) require an extension of time for processing, in which case the sixty (60) day period may be extended to one hundred and twenty (120) days. The Administrator shall notify the claimant in writing of any such extension, the special circumstances requiring the extension, and the date by which the Administrator expects to render the determination on review. The claimant shall be notified of the Administrator's decision in writing or electronically. In the case of an adverse determination, such notice shall:

- (i) include specific reasons for the adverse benefit determination;
 - (ii) be written in a manner calculated to be understood by the claimant;
 - (iii) contain specific references to the pertinent Plan provisions upon which the benefit determination is based;
 - (iv) contain a statement that the claimant is entitled to receive upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits; and
 - (v) contain a statement of the claimant's right to bring an action against the Plan.
- (C) A claimant may not file a lawsuit with respect to benefits under this Plan until he has exhausted the Plan's claims and appeals procedures set forth in Section 13.11. Any such lawsuit shall be filed within 180 days following the date a final determination is made with respect to the claimant's claim under the Plan's claims and appeals procedures in this Section 13.11.

ARTICLE XIV TRUSTEE AND THE TRUST

14.1 Trust.

The Trustee shall invest, reinvest, hold and distribute the Trust, and the income and gains therefrom, in accordance with the provisions of the separate Trust established by the Employer to be a part of this Plan.

14.2 Trustee Fees.

The Employer or Trust shall pay all costs of administering the Plan and any expenses of the Trustee, other than normal brokerage charges which are part of the costs of securities purchased or sold. The determination as to who will pay the costs of administering the Plan shall be made by the Employer and such determination may be changed from time to time by the Employer.

ARTICLE XV AMENDMENT AND TERMINATION

15.1 Amendment by Employer.

The Employer shall have the right to amend this Plan from time to time and to amend further or cancel any such amendment. Such amendments shall be stated in an instrument in writing executed by the Employer and this Plan shall be deemed to have been amended in the manner and at the time therein set forth, and all Employees, former Employees, Participants, former Participants, Beneficiaries, the Employer, and the Trustee shall be bound thereby; provided, however:

- (A) No such amendment shall be effective which shall attempt to cause any of the assets of the Trust to be used for or diverted to purposes other than for:

- (i) the exclusive benefit of the Participants, former Participants, or their Beneficiaries, and
 - (ii) the administrative and extraordinary expenses of the Plan which are not paid by the Employer;
- (B) No such amendment shall have any retroactive effect so as to deprive any Participant of any benefit already accrued to him; provided, however, that any such amendment may be made retroactively, if such amendment is necessary to bring the Plan and Trust into conformity with governmental regulations, to initially qualify it as a "Qualified Plan" under the Code provisions then in effect, subject, however, to the provisions of Code Section 401(b);
- (C) No such amendment shall increase the duties or liabilities of the Trustee without its written consent.

15.2 Retroactive Amendments.

An amendment under Section 13.1 may be made effective on a date prior to the first day of the Plan Year in which it is adopted only if otherwise permitted under Code Section 401(a).

15.3 Discontinuance or Termination of Plan.

- (A) It is the Employer's expectation that the Plan contained herein and the payment of contributions hereunder will be continued indefinitely, and the Trust is irrevocable, but continuance of the Plan by the Employer is not assumed as a contractual obligation. The Employer reserves the right at any time to reduce or temporarily suspend contributions hereunder. The Employer may discontinue contributions under the Plan at any time by written notice delivered to the Trustee without any liability hereunder for any such discontinuance.
- (B) The Employer may terminate the Plan at any time by written notice delivered to the Trustee without any liability hereunder for any such termination.
- (C) If the Plan shall be terminated or partially terminated or the contributions of the Employer shall be completely discontinued, the rights of all affected Participants in their Accounts shall thereupon become one hundred percent (100%) vested and nonforfeitable notwithstanding any other provision of this Plan.
- (D) The Trustee shall, upon direction of the Administrator, with reasonable promptness, liquidate all assets remaining in the Trust. Upon the liquidation of all assets, the Administrator shall make, after deducting estimated expense for liquidation and distribution, value the assets as though the date of completion of liquidation was a Valuation Date of the Plan. Following these allocations, the Trustee shall promptly, after receipt of appropriate instructions from the Administrator, distribute all remaining assets in accordance with the provisions of the Plan to the Participants in such amounts as are credited to such Participants' Accounts as of the date of completion of the liquidation.

15.4 Failure to Contribute.

The failure of the Employer to contribute to the Trust in any Plan Year when no contribution is required under the Plan shall not of itself be a discontinuance of contributions to the Trust by the Employer.

15.5 Merger and Consolidation of Plan, Transfer of Plan Assets.

In the case of any merger or consolidation with, or transfer of assets and liabilities to, any other plan, provisions shall be made so that each Participant in the Plan on the date thereof (if the Plan then terminated) would receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately prior to the merger, consolidation or transfer if the Plan then terminated.

15.6 Alienation.

- (A) Except as may be expressly provided in (B) below, none of the benefits, payments, proceeds or claims of any Participant, former Participant, or Beneficiary shall be subject to any claim or any creditor and, in particular, the same shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, either voluntary or involuntary. Any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, garnish, levy or otherwise dispose of or execute upon any right or benefit payable hereunder shall be void. The Trust shall not in any manner be liable or subject to the debts, contracts, liabilities, engagements or costs of any Participant entitled to benefits hereunder and such benefits shall not be considered an asset of the Participant in the event of their insolvency or bankruptcy.
- (B) The only exceptions to the provisions of (A) above shall be:
 - (i) Any Participant or former Participant who is receiving benefit payments hereunder may assign not more than ten percent (10%) of any such benefit payment or payments upon written notice to the Administrator and the Trustee of such assignment. Such written notice shall establish to the satisfaction of the Administrator and the Trustee that the assignment is both voluntary and revocable by the Participant or former Participant and that it is made for reasons other than defraying the administrative cost of the Plan; and
 - (ii) Actual payment, direction of payment or claim of payment to an Alternate Payee pursuant to a QDRO as defined in Code Section 414(p), or any domestic relations order entered before January 1, 1985.

ARTICLE XVI MISCELLANEOUS

16.1 Exclusive Benefit; Refund of Contributions.

- (A) All contributions made by the Employer are made for the exclusive benefit of the Participants and their Beneficiaries (including the costs of maintaining and

administering the Plan and Trust). Notwithstanding the foregoing, amounts contributed to the Trust by the Employer may be refunded to the Employer, to the extent such refunds do not, in themselves, deprive the Plan of its qualified status, under the following circumstances and subject to the following limitations:

- (i) **Mistake of Fact.** In the case of a contribution which is made in whole or in part by reason of a mistake of fact (for example, incorrect information as to the eligibility or Compensation of a Participant, or a mathematical error), so much of such contribution as is attributable to the mistake of fact shall be returnable to Employer on demand, upon presentation of evidence of the mistake of fact to the Trustee and of calculations as to the impact of such mistake. Demand and repayment must be effectuated within one (1) year after the payment of the contribution to which the mistake applies.
 - (ii) **Suspense Accounts.** If the Plan terminates and any balance in any suspense account maintained hereunder cannot be allocated without exceeding the limitations of Code Section 415, the unallocated balance in such suspense account or accounts shall be returned to the Employer.
- (B) In the event that any refund is paid to the Employer hereunder, such refund shall be made without interest and shall be deducted from among the Accounts of the Participants as an investment loss except to the extent that the amount of the refund can be attributed to one or more specific Participants (as in the case of certain mistakes of fact, disallowances of Compensation resulting in a reduction of deductible contributions, etc.) in which case the amount of the refund attributable to each Participant's Account shall be deducted directly from such Account.
- (C) Notwithstanding any contrary provision of this Section no refund shall be made if solely on account of such refund, the Plan would cease to be a qualified plan pursuant to Code Section 401(a).

16.2 Nature of Participant's Interest.

The interest of a Participant in the Trust shall not be deemed to be in the assets of the Trust, but rather in a right to receive, in cash or in kind, from the Trustee the nonforfeitable or vested interest of the Participant in their Accounts, if any, and as determined by the Administrator in accordance with the terms of the Plan.

16.3 Employment Rights.

The Plan is not a contract of employment. Participation in the Plan shall not give any Employee or any other person:

- (A) the right to be retained in the employ of the Employer;
- (B) any right or claim to any interest in the Plan, unless the right or claim has specifically accrued under the Plan; or
- (C) any legal or equitable right against the Employer, the Administrator or the Trustee, except as provided herein.

It is a condition of the Plan, and each Participant expressly agrees by their participation herein, that each Participant shall look solely to the assets held in the Trust for the payment of any benefit to which he is entitled under the Plan.

16.4 Receipt or Release.

Any payment to a Participant, former Participant, or their Beneficiary in accordance with the provisions of this Plan shall, to the extent thereof, be in full satisfaction of all claims against the Trustee, the Administrator and the Employer, and the Administrator or Trustee may require such Participant, former Participant, or Beneficiary, as a condition precedent to such payment, to execute a receipt and release to such effect.

16.5 Controlling Law.

This Plan shall be construed, administered, and governed in all respects under applicable Federal law, and to the extent that Federal law is inapplicable, under the laws of the State of California; provided, however, that if any provision is susceptible of more than one interpretation, such interpretation shall be given thereto as is consistent with the Plan being a qualified plan within the meaning of Section 401(a) of the Code. As a government plan, it is exempt from the provisions of ERISA and from the reporting requirements of Form 5500.

16.6 Masculine, Feminine, Singular, Plural.

A pronoun or adjective in the masculine gender includes the feminine gender unless the context clearly indicates otherwise. Where the context admits, words in the plural shall include the singular and the singular shall include the plural.

16.7 Text Prevails Over Captions.

The headings and subheadings of the Articles and Sections of this Plan are included herein solely for convenience or reference, and if there be any conflict between such heading, and subdivisions and the text of this Plan, the text shall control.

16.8 Successors and Assigns.

This Plan shall inure to the benefit of, and be binding upon, the parties hereto and their successors and assigns.

16.9 Temporary CARES Act Provisions.

- (A) **Coronavirus-Related Distributions.** A COVID Qualifying Participant (as defined in subsection (C)) may elect to withdraw during the period beginning on January 1, 2020 and ending December 31, 2020, all or a portion of the vested amount in his or her Account provided that the total amount of such “Coronavirus-Related Distribution” (within the meaning of section 2202(a)(4)(A) of the CARES Act (as defined in subsection (C)) under the Plan and any other plan maintained by the Employer shall not exceed \$100,000.

A Participant who is eligible to make rollover contributions to the Plan under Section 9.2 and who has received a Coronavirus-Related Distribution from the Plan or any other plan or arrangement may, at any time during the three-year period

beginning on the day after the date on which such Coronavirus-Related Distribution was received and to the extent permitted by section 2202(a)(3) of the CARES Act, make contributions to the Plan in an aggregate amount not to exceed the amount of such Coronavirus-Related Distribution. Such contributions shall be treated as rollover contributions and shall be deemed to have been transferred to the Plan within 60 days of the date the Coronavirus-Related Distribution was received by the Participant.

The election by a COVID Qualifying Participant to withdraw or make a contribution of a Coronavirus-Related Distribution shall be made in accordance with any reasonable procedures adopted by the Employer (which may, for example, include limitations on the frequency of such withdrawals).

(B) CARES Act Loans. Notwithstanding anything in the Plan to the contrary:

- (i) In the case of a COVID Qualifying Participant, a loan may be granted during the period beginning on March 27, 2020 and ending on September 22, 2020, in an amount that does not exceed (when added to the outstanding balance of all other loans to the Participant under the Plan and any other plan maintained by the Employer) the lesser of (1) 100% of the value of the vested portion of the Participant's Accounts and (2) \$100,000 reduced by the excess of the highest outstanding balance of the Participant's loans from the Plan during the one-year period ending on the date the loan is made over the balance of such loans on such date.
- (ii) In accordance with section 2202(b)(2) of the CARES Act, in the case of a COVID Qualifying Participant, the due date of any payment otherwise scheduled to be made during the period from March 27, 2020 through December 31, 2020, shall be delayed for up to one year, in accordance with uniform and reasonable administrative procedures adopted by the Committee (and effective January 1, 2021 may be reflected in the Loan Policy), provided that any subsequent repayments shall be appropriately adjusted to reflect the delay in the due date and any interest accruing during such delay, and the term of the loan shall be determined by disregarding the period described in section 2202(b)(2)(A) of the CARES Act.

(C) Definitions.

- (i) "CARES Act" means The Coronavirus Aid, Relief and Economic Security Act.
- (ii) "COVID Qualifying Participant" means a Participant who (a) who is diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (COVID-19) by a test approved by the Centers for Disease Control and Prevention (including a test authorized under the Federal Food, Drug, and Cosmetic Act); (b) whose spouse or dependent (as defined in section 152 of the Code) is diagnosed with COVID-19 by such a test; or (c) who experiences adverse financial consequences as a result of (1) being quarantined, being furloughed or laid off, or having work hours reduced due to COVID-19, (2) being unable to work due to lack of child care due to COVID-19, (3) closing or reducing hours of a business owned or operated

by the individual due to COVID-19, (4) having a reduction in pay (or self-employment income) due to COVID-19, (5) having a job offer rescinded or start date for a job delayed due to COVID-19; (6) the Participant's spouse or a member of the Participant's household (as defined below) experiencing any of the events listed in (1) – (6) above; or (7) other factors as determined by the Secretary of the Treasury (or the Secretary's delegate). For purposes of this section, an individual is a member of the Participant's household if the individual shares the Participant's principal residence. To the extent permitted under applicable law, the Employer may rely on a Participant's certification that he or she satisfies the conditions of the preceding sentence.

**ARTICLE XVII
EXECUTION**

To record the adoption of this Restatement of the Plan, the Employer has caused this Plan to be executed on this _____ day of December, 2020.

EMPLOYER:

EL TORO WATER DISTRICT

By: _____

Title: _____

**EL TORO WATER DISTRICT
RETIREMENT SAVINGS PLAN**

REDLINE

EL TORO WATER DISTRICT
RETIREMENT SAVINGS PLAN

(Amended and Restated Effective ~~February 1, 2016~~ December 14, 2020)

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EL TORO WATER DISTRICT
RETIREMENT SAVINGS PLAN

WHEREAS, the Employer desires to amend and restate the Plan and incorporate any other required interim changes to maintain the qualified status of the Plan under the Internal Revenue Code of 1986, as amended (the “Code”) and guidance required for obtaining a Cycle E favorable determination letter from the Internal Revenue Service (“IRS”);

WHEREAS, the Plan has been previously amended and restated to comply with the requirements of the Uruguay Round Agreements Act of 1994 (“GATT”), the Uniformed Services Employment and Reemployment Rights Act of 1994 (“USERRA”), the Small Business Job Protection Act of 1996 (“SBJPA”), the Taxpayer Relief Act of 1997 (“TRA ‘97”), the Internal Revenue Service Restructuring and Reform Act of 1998 (“RRA ‘98”), and the Community Renewal Tax Relief Act of 2000 (“CRA”) regarding qualified plans, and to make certain other changes to the Plan (collectively the “GUST Provisions”); and

WHEREAS, the Plan has been previously amended and restated to comply with the requirements the “good faith” Economic Growth and Tax Relief Reconciliation Act of 2001 (“EGTRRA”) amendment” as described in IRS Notice 2001-57; and

WHEREAS, the Plan has been previously amended pursuant to IRS Revenue Procedure 2002-29, in order for the Plan to comply with the final regulations for required minimum distributions under Section 401(a)(9) of the Code that were issued on April 16, 2002; and

WHEREAS, the Plan had been previously amended effective as of January 1, 2006 to make certain changes as a result of the issuance of the final regulations under ~~Internal Revenue-Code (“Code”)~~ sections 401(k) and 401(m);

WHEREAS, the Plan has been previously amended and restated to meet the requirements of the Economic Growth and Tax Relief Act of 2001 (“EGTRRA”);

WHEREAS, the Plan has been previously amended to satisfy the requirements of the Pension Protection Act of 2006 (“PPA”), the Worker, Retiree, and Employer Recovery Act of 2008 (“WRERA”) and the Heroes Earnings Assistance and Relief Tax Act of 2008 (“HEART Act”); and

WHEREAS, TRA97 permanently exempted “government plans” from the rules of Sections 401(a)(3), 401(a)(4), 401(a)(26), 401(k), 401(m), and 410(a) and (b) of the Code; and

WHEREAS, Section 13.1 of the Plan reserves to the Employer the right to amend the Plan.

NOW THEREFORE, the Employer hereby adopts this amendment and restatement to the Plan which is, except as otherwise provided herein, generally effective as of February 1, 2016 (“Amended Effective Date”).

ARTICLE I DEFINITIONS

1.1 Title.

This Plan shall be known as the “El Toro Water District Retirement Savings Plan.” The Employer is the El Toro Water District and this is a “government plan” as such term is defined in the Employee Retirement Income Security Act of 1974 (“ERISA”) and the ~~Internal Revenue Code of 1986, as amended (the “Code”).~~

1.2 Exclusive Benefit.

The purpose of the Plan is to provide a vehicle for tax-deferred savings by Eligible Employees. Contributions to this Plan shall be for the exclusive benefit of the Participants and their Beneficiaries and shall not be used for, or diverted to, any other purpose. The Plan is hereby designated as constituting a Plan intended to qualify under Sections 401(a) and 501(a) of the Code.

1.3 Definitions.

Whenever used herein, the following terms shall have the meanings set forth below, unless a different meaning is clearly required by the context:

“**Account**” or “**Accounts**” shall mean the records maintained by the Administrator to determine the value of each Participant’s interest in the assets of the Plan and may refer to the Participant’s Elective Deferral Account, Matching Contribution Account, Regular Account, and Rollover Account singularly or in any appropriate combination. All references to an Account or Accounts of a Participant shall also include any sub-account and sub-accounts established pursuant to Section 5.1.

“**Administrator**” shall mean the Employer or any Administrative Committee that may be appointed by the Employer to administer the Plan in accordance with the provisions hereof.

“**Affiliated Employer or Affiliate**” shall mean the Employer and any entity, which is under common control (as defined in Section 414(c) of the Code) with the Employer; any entity which is a member of an affiliated service group (as defined in Section 414(m) of the Code) which includes the Employer.

“**Anniversary Date**” shall mean the last day of each Plan Year.

“**Beneficiary**” or “**Beneficiaries**” shall mean the person or persons last designated by a Participant to receive the benefits specified hereunder in the event of the Participant’s death. A designation of Beneficiary other than the spouse shall be automatically revoked on the marriage or remarriage (other than a common-law marriage) of a Participant and the designation of the spouse as Beneficiary shall be automatically revoked upon any finalized divorce of a Participant subsequent to the date of filing of the designation of the Beneficiary. If there is no designated Beneficiary or surviving Beneficiary, the Participant shall be deemed to have designated the first surviving class of the following classes of successive preference Beneficiaries:

- (i) the Participant’s spouse;

- (ii) the Participant's surviving children, including adopted children and stepchildren, in equal shares;
- (iii) the Participant's surviving parents, in equal shares;
- (iv) the Participant's surviving brothers or sisters, in equal shares; or
- (v) the Participant's estate, or, if there is no legal representative appointed to represent the Participant's estate and the Participant's interest hereunder does not exceed Sixty Thousand Dollars (\$60,000.00), or such limit of summary probate proceedings as may from time to time be established by the laws of the State of California, the Administrator may, in its discretion, distribute the Participant's interest hereunder to any person or persons related to the Participant by blood or marriage selected by the Administrator.

“Cash or Deferred Arrangement” or “CODA” shall mean an arrangement under which eligible Employees may make Elective Deferral elections.

“Code” shall mean the Internal Revenue Code of 1986, as amended. Reference to a Section of the Code shall include that Section and any comparable Section or Sections of any future legislation that amends, supplements, or supersedes such Section.

“Compensation” shall mean wages, salaries and other amounts received while a Participant, including all such amounts for the Plan Year in which the Employee becomes a Participant, (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with an Employer to the extent that the amounts are included in gross income including, but not be limited to, bonuses, overtime payments, fringe benefits, and reimbursements or other expense allowance under a non-accountable plan (as described in Section 1.62-2(c) of the Regulations). This shall include (i) any salary reduction elected pursuant to any employee benefit plan as defined in Section 401(k) of the Code, any cafeteria plan as defined in Section 125 of the Code, or any deferred compensation plan as defined in Section 457 of the Code, and (ii) effective as of January 1, 2001, any amounts that are not includible in income under Section 132 (f)(4) of the Code. Compensation shall exclude the following: (i) all deferred compensation, (ii) contributions to this or any other deferred compensation plan except as specifically included herein; and (iii) any other amounts which receive special tax benefits. Compensation is the amount actually paid or made available during the Limitation Year or is attributable to services performed by the Employee in the Plan Year and received within two-and-one-half months after the close of the Plan Year.

Compensation also includes the following payments after severance from employment where such payments are paid by the later of 2½ months after severance from employment with the Employer or the end of the Limitation Year that includes the date of severance from employment with the Employer; (i) regular pay, which, for purposes of this Section, are payments for regular compensation for service during the Participant's regular working hours, or compensation for services outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments, and where such payments would have been paid to the Participant prior to a severance from employment if the Participant had continued in employment with the Employer; and (ii) leave cash-outs, in accordance with Section 1.415(c)-2(e)(3)(iii) of the Regulations, which

include payment for unused accrued bona fide sick, vacation, or other leave, but only if the Participant would have been able to use the leave if employment had continued.

Notwithstanding the foregoing, an individual receiving a differential wage payment from the Employer, as defined by Section 3401(h)(2) of the Code, is treated as an Employee of the Employer, the differential wage payment is treated as Compensation, and the Plan is not treated as failing to meet the requirements of any provision described in Section 414(u)(1)(C) of the Code by reason of any contribution or benefit which is based on the differential wage payment but only to the extent all Employees performing service in the uniformed services described in Section 3401(h)(2)(A) are entitled to receive differential wage payments on reasonably equivalent terms and, if eligible to participate in the Plan, to make contributions based on the differential wage payments on reasonably equivalent terms (taking into account Sections 410(b)(3), (4) and (5) of the Code).

Compensation shall not exceed the sum ~~set by the IRS Internal Revenue Service in accordance with Section 415(d) of the Code~~ of \$265,000; provided, that said amount shall be adjusted for increases in the cost of living in accordance with Section 401(a)(17)(B) of the Code.

“DCP Deferrals” shall mean elective deferrals made to the Deferred Compensation Plan.

“Deferred Compensation Plan” shall mean the El Toro Deferred Compensation Plan.

“Defined Benefit Plan” shall mean any defined benefit plan maintained by the Employer or by any Affiliate.

“Disability Retirement” shall mean a Participant who retires from the employ of the Employer because of Total and Permanent Disability, irrespective of age.

“Effective Date” shall mean the original Effective Date of the Plan, which was September 12, 1983.

“Elective Deferrals” shall mean any Employer contributions made to the Plan at the election of the Participant, in lieu of cash Compensation, and shall include contributions made pursuant to a salary reduction agreement or other deferral mechanism. With respect to any taxable year, a Participant’s Elective Deferral is the sum of all Employer contributions made on behalf of such Participant pursuant to an election to defer under any qualified CODA as described in Code Section 401(k), any simplified employee pension cash or deferred arrangement as described in Code Section 402(h)(1)(B), any eligible deferred compensation plan under Code Section 457, any plan as described under Code Section 501(c)(18), and any Employer contribution made on the behalf of a Participant for the purchase of an annuity contract under Code Section 403(b) pursuant to a salary reduction agreement.

“Elective Deferral Account” shall mean the separate account maintained by the Administrator for each Participant as required by Section 5.1 to which is credited Elective Deferrals and earnings and losses of the Trust, attributable thereto.

“Eligible Employee” shall mean any Employee except:

- (vi) Any person who is a member of a group of employees covered by a collective bargaining agreement between employee representatives and one or more Employers, including the Employer, if there is evidence that retirement benefits were the subject of good faith bargaining between such collective bargaining representative and the Employer or such employers unless such collective bargaining agreement expressly provides for the inclusion of such persons as Participants in the Plan;
- (vii) Any person who is a non-resident alien and receives no earned income from the Employer which constitutes income from sources within the United States;
- (viii) Any person who is an independent contractor;
- (ix) Any person who is classified by the Employer on or after January 1, 2007 as a “statutory employee,” such as members of the Board of Directors of the Employer;
- (x) Any Part Time Employee; and
- (xi) Any Temporary Employee.

“**Employee**” shall mean any individual employed by the Employer. In determining whether an individual is an Employee for purposes of the Plan, the individual shall be classified as an Employee with respect to a period of time only if the Employer has initially treated the individual as an Employee for payroll tax purposes for that period even if such classification is later changed as a result of regulatory action, civil litigation or the threat of either.

“**Employer**” shall mean the El Toro Water District.

“**Employment Commencement Date**” shall mean the first (1st) day on which the Employee is hired.

“**Entry Date**” shall mean the Employment Commencement Date.

“**Excess Elective Deferrals**” shall mean those Elective Deferrals that are includable in a Participant’s gross income under Code Section 402(g) to the extent such Participant’s Elective Deferrals for a calendar year exceed the dollar limitation under such Code section. Excess Elective Deferrals shall be treated as annual additions under the Plan.

“**Late Retirement**” shall mean a Participant retires or is retired from the employ of the Employer after the Anniversary Date coinciding with or next following such Participant’s attainment of Normal Retirement Age.

“**Leased Employee**” shall mean any person (other than an Employee) who, pursuant to an agreement between the Employer and any other person (“Leasing Organization”), has performed services for the Employer or related Employer (determined in accordance with Code Section 414(n)(6)), on a substantially full-time basis for a period of at least one (1) year and such services are performed under the primary direction and control of the Employer or related Employer.

A Leased Employee shall be treated as an Employee of the Employer. However, contributions or benefits provided by the Leasing Organization, which are attributable to the services performed for the Employer, shall be treated as if they had been provided by the Employer. The preceding sentence shall not apply to any Leased Employee if the total number of Leased Employees does not constitute more than twenty percent (20%) of the Employer's non-highly compensated workforce and such Leased Employee is covered by a money purchase pension plan providing:

- (i) A nonintegrated employer contribution rate of at least ten percent (10%) of Compensation, as defined in Code Section 415(c)(3), but including amounts contributed pursuant to a salary reduction agreement which are excludable from the Employee's gross income under Section 125, Section 402(a)(8), Section 402(h) or Section 403(b) of the Code;
- (ii) Immediate participation; and
- (iii) Full and immediate vesting.

"Leave of Absence" shall mean any of the following:

- (i) Absence on leave granted by the Employer, in writing and in a non-discriminatory manner, before or after commencement of the absence for any purpose including but not limited to, sickness, accident, other casualty, or for the convenience of the Employer (provided that the Employee or Participant returns to work before or at the expiration of such leave or any extension thereof);
- (ii) Absence in any circumstance so long as the Employee or Participant continues to receive regular Compensation from the Employer; or
- (iii) Absence in service with the Armed Forces of the United States or any of its Allies as a result of which the Employee or Participant is entitled to reemployment rights from the Employer pursuant to the provisions of the United States Code as amended by USERRA.

In granting or withholding Leaves of Absence, all Participants in similar circumstances shall be treated alike.

"Limitation Year" shall mean the same as the Plan Year. If the Limitation Year is amended to a different twelve (12) consecutive month period, the new Limitation Year must begin on a date within the Limitation Year in which the amendment is made.

"Matching Contribution Account" shall mean the separate account maintained by the Administrator for each Participant as required by Section 5.1 to which is credited Matching Contributions, Special Matching Contributions and forfeitures, if any, and earnings and losses of the Trust, attributable thereto.

"Matching Contributions" shall mean Employer contributions made pursuant to Section 4.1(A)(ii) of the Plan.

“Normal Retirement” shall mean a Participant who retires or is retired from the employ of the Employer as of the Anniversary Date coinciding with or next following such Participant’s attainment of Normal Retirement Age.

“Normal Retirement Age” shall mean the later of the time:

- (i) a Plan Participant attains age sixty-five (65); or
- (ii) the fifth (5th) anniversary of the time a Plan Participant commenced participation in the Plan.

The participation commencement date is the first (1st) day of the first (1st) Plan Year in which the Participant commenced participation in the Plan.

“Part Time Employee” shall mean any Employee who is hired to work less than thirty-two (32) hours per week. Notwithstanding the foregoing, effective February 1, 2016, Part Time Employee shall mean any Employee who is hired to work less than thirty (30) hours per week.

“Participant” shall mean any Employee of the Employer who has met the eligibility and participation requirements provided herein and enters the Plan.

“Plan” shall mean the El Toro Water District Retirement Savings Plan as it may be amended from time to time.

“Plan Year” shall mean each twelve (12) month the period ending June 30th. The Plan Year coincides with the dates of each annual legislative session of the Employer.

“Profit Sharing Contributions” shall mean Employer contributions made pursuant to Section 4.1(A)(iv) of the Plan.

“Regular Account” shall mean the separate account maintained by the Administrator for each Participant as required by Section 5.1 to which is credited Profit Sharing Contributions, forfeitures, if any, and earnings and losses of the Trust, attributable thereto.

“Regulations” shall mean the income tax regulations issued by the Secretary of the Treasury and ~~his~~their delegate. Reference to a section of the Regulations shall include that section and any comparable section or sections of any future regulation that amends, supplements, or supersedes such section.

“Rollover Account” shall mean the separate account maintained by the Administrator as required by the provisions hereof for each Participant on whose behalf a Rollover Amount or inter-plan transfer is contributed to which is credited such Rollover Amount or inter-plan transfer.

“Rollover Amount” shall mean any rollover amount that is permitted to be rolled over to the Plan from:

- (i) Another exempt trust under Code Sections 402(c); or
- (ii) An eligible deferred compensation plan described in 457(b) under Code Section 457(e)(16).

- (iii) An annuity contract described in Code Section 403(b) under Code Section 403(b)(8); and
- (iv) An individual retirement account described in Code Section 408(a) under Code Section 408(d)(3).

“Rollover Contribution” shall mean Employee contributions made pursuant to Sections 9.1 and 9.2 of the Plan.

“Special Matching Contributions” shall mean Employer contributions made pursuant to Section 4.1(A)(iii) of the Plan.

“Temporary Employee” shall mean any Employee who is hired to work for a specific task or a fixed duration of less than twelve (12) months.

“Termination Date” shall mean the date on which a Participant’s employment with the Employer is terminated. Notwithstanding the foregoing, for purposes of being eligible for a distribution of ~~his~~-~~their~~ Accounts, a Participant is treated as having terminated employment with the Employer during any period such Participant is performing services in the uniformed services described in Section 3401(h)(2)(A) of the Code, and such Participant may elect to receive a distribution by reason of termination of employment with the Employer.

“Total and Permanent Disability” shall mean a Participant that suffers complete incapacity or suffers from the inability to perform ~~his~~-~~their~~ normal job functions due to accident or sickness. Such disability must be of such a nature that recovery is not expected, or that significant recovery is not likely for years. Total and Permanent Disability shall also include legal or other disability as provided in Section 7.3.

The Administrator shall determine whether a Participant has become disabled and its determination in that respect is binding upon the Participant, provided that the Administrator shall rely upon professional medical advice in making such determination. In making its determination, the Administrator may require the Participant to submit to medical examinations by doctors selected by the Administrator. The determination of disability shall be uniformly and consistently applied to all Participants.

“Trust” shall mean the Trust which the Employer has separately adopted and which is intended to be used in conjunction with this Plan, together with all amendments thereto.

“Trustee” shall mean the person or organization appointed by the Employer to act as Trustee of the Trust.

“USERRA” shall, effective as of December 12, 1994, mean the Uniformed Services Employment Rights Act of 1994. Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Code. In the case of a death occurring on or after January 1, 2007, if a Participant dies while performing qualified military service (as defined in Section 414(u) of the Code), the survivors of the Participant are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan as if the Participant had resumed and then terminated employment on account of death.

“**Valuation Date**” shall mean the last day of each calendar quarter or such sooner date as may be determined by the Administrator.

“**Voluntary Contributions**” shall mean any voluntary after-tax contributions or deductible voluntary contributions made before December 31, 1986.

“**Voluntary Contribution Account**” shall mean the separate account maintained by the Administrator for each Participant as required by Section 5.1 to which is credited Voluntary Contributions, if any, and earnings and losses of the Trust, attributable thereto.

ARTICLE II SERVICE

2.1 No need for Services Rules.

The terms “year of service,” “hours of service” and “break in service” are not needed in this Plan because each Eligible Employee enters the Plan as of the first day of employment, receives an allocation if ~~he is~~they are employed on any day in the Plan Year, and ~~his~~their Accounts are fully vested at all times.

ARTICLE III PARTICIPATION

3.1 Eligibility Requirements.

Each Participant in the Plan prior to the Amended Effective Date shall continue to be a Participant in the Plan. All other Eligible Employees shall become a Participant in the Plan on ~~his~~their Employment Commencement Date.

3.2 Participant May Name Beneficiary.

A Participant shall have the right, with the consent of such Participant’s spouse if such Participant is married, to designate, in writing to the Administrator, the Beneficiary or Beneficiaries whom ~~he the~~ Participant desires to receive the benefits of the Plan in the event of ~~his the~~ death of the Participant. A Participant may from time to time change ~~his~~their designated Beneficiary or Beneficiaries without the consent of such Beneficiary or Beneficiaries by filing a new designation in writing with the Administrator; provided, however, that the Administrator shall require that the spouse of the Participant also join in any designation, or change of designation, of Beneficiary or Beneficiaries. Except as otherwise provided herein, the consent of the spouse to a designation of Beneficiary and/or to a revocation or other change of Beneficiary shall be in writing, shall acknowledge the effect of the Beneficiary designation, and shall be witnessed by a notary public, the Administrator or the Administrator’s appointed representative. The Employer, the Administrator and the Trustee may rely upon the designation of Beneficiary or Beneficiaries last filed in accordance with the terms of this Plan; provided, however, that if a Participant is married at the time of the Participant’s death, any designation by the Participant of someone other than such Participant’s surviving spouse shall be invalid, unless such surviving spouse has consented in writing to such designation as provided for herein. Whenever the rights of a Participant are stated or limited in the Plan, ~~his~~the Participant’s Beneficiaries shall be bound thereby.

Upon the Administrator's written receipt of proof of the Participant's dissolution of marriage prior to complete distribution of the Participant's Account, the designation of the spouse as Beneficiary under the Plan is automatically rescinded unless (i) the Participant executes another Beneficiary designation that clearly names such former spouse as a Beneficiary, or (ii) a court order presented to the Administrator prior to distribution on behalf of the Participant explicitly requires the Participant to continue to maintain the former spouse as the Beneficiary. In any case in which the Participant's former spouse is treated under the Participant's Beneficiary designation as having predeceased the Participant, no heirs or other beneficiaries of the former spouse shall receive benefits from the Plan as a Beneficiary of the Participant except as provided otherwise in the Participant's Beneficiary designation.

3.3 Termination of Participation.

Employment with the Employer shall be a condition of becoming a Participant in the Plan and shall continue until the Anniversary Date coinciding with or next following the Participant's Termination Date or, if earlier, as of the date the Plan terminates. Except as hereinafter expressly provided, a Participant may not voluntarily withdraw from participating or receive any distribution of ~~his~~their benefit under the Plan, unless a distributable event has occurred.

3.4 Termination Date.

A Participant's Termination Date shall be the date on which ~~his~~their employment with the Employer is terminated because of the first to occur of the following events:

- (A) Normal Retirement;
- (B) Late Retirement;
- (C) Disability Retirement;
- (D) Death;
- (E) Resignation or dismissal (*i.e.*, the Participant resigns or is dismissed from the employ of the Employer before Normal or Late Retirement, death, or Disability Retirement).

In the event a Participant continues employment after attaining Normal Retirement Age, such Participant shall continue to participate in the Plan, but shall not, except as provided in Section 7.1(C), be entitled to benefits until such Participant's Termination Date.

3.5 Cessation of Eligible Employee Status.

If a Participant continues in the employ of the Employer but ceases to be an Eligible Employee, such Participant shall, during the period that such Participant is not an Eligible Employee, continue to participate in the Plan as follows:

- (A) The Employer shall include such Participant in allocating any contribution the Employer makes or forfeitures which occur for the Plan Year in which the change of such Participant's status took place, provided such Participant is employed by Employer on the last day of such Plan Year.

- (B) In any Plan Year subsequent to the Plan Year in which such Participant's change of status took place, such Participant shall receive no further allocation to such Participant's Regular Account of any contributions or forfeitures under the Plan unless such Participant again becomes an Eligible Employee.
- (C) In any Plan Year subsequent to the Plan Year in which the Participant's change of status took place, such Participant's Accounts shall continue to share, in accordance with the provisions hereof, in the earnings or losses of the Trust.

3.6 Suspension of Benefits and Immediate Participation Upon Reemployment.

- (A) Except as provided herein, the payment of benefits hereunder to a former Participant who returns to the employ of the Employer shall be suspended for the period of such reemployment.
- (B) Any former Participant who returns to the employ of the Employer will again become a Participant as of the first (1st) day for which he is employed.

ARTICLE IV CONTRIBUTIONS

4.1 Employer Contributions.

- (A) Commencing as of December 1, 2005, the Employer will contribute, to the Trust, the following amounts on a payroll by payroll basis:
 - (i) Elective Deferrals. The amounts which the Participants have elected to defer of their Compensation for the Plan Year under their Compensation deferral agreements on file with the Administrator.
 - (ii) Matching Contributions. Effective February 1, 2016, an amount equal to seventy-five percent (75%) of each Participant's Elective Deferral up to a maximum Elective Deferral equal to ten percent (10%) of the Participant's Compensation each pay period.

For example, if the Participant defers ten percent (10%) of ~~his~~-their Compensation for a pay period to the Plan, the Employer will contribute Matching Contributions to the Plan equal to seventy-five percent (75%) of ~~his~~-their Elective Deferrals or seven and one-half percent (7.5%) of the Participant's Compensation for such pay period and no Special Matching Contributions.

No true-up of Matching Contributions shall be performed at the end of any Plan Year.

- (iii) Special Matching Contributions. Effective February 1, 2016, an amount equal to seventy-five percent (75%) of each Participant's DCP Deferrals up to a maximum DCP Deferral of ten percent (10%) of the Participant's Compensation each pay period; provided, however, that in no event will the total of Matching Contributions and Special Matching Contributions in the

aggregate exceed seven and one-half percent (7.5%) of the Participant's Compensation each pay period.

The Employer will contribute Special Matching Contributions to the Plan or the Deferred Compensation Plan as elected by the Participant and directed in their salary reduction agreement.

For example, if an individual who is a Participant in this Plan and also is a participant in the Deferred Compensation Plan defers ten percent (10%) of ~~his-their~~ Compensation for a pay period to the Deferred Compensation Plan, the Employer will contribute Special Matching Contributions to the Plan or the Deferred Compensation Plan equal to seventy-five percent (75%) of ~~his the Participant's~~ DCP Deferrals or seven and one-half percent (7.5%) of the Participant's Compensation for such pay period and no Matching Contributions.

Alternatively, if the Participant defers five percent (5%) of ~~his-their~~ Compensation for a pay period to the Plan and five percent (5%) of ~~his-their~~ Compensation for the same pay period to the Deferred Compensation Plan, the Employer will contribute Matching Contributions to the Plan equal to seventy-five percent (75%) of the Elective Deferrals to the Plan and contribute Special Matching Contributions to the Deferred Compensation Plan and Special Matching Contributions equal to seventy-five percent (75%) of the DCP Deferrals, ~~or a combined total of seven and one-half percent (7.5%) of the Participant's Compensation for such pay period.~~

No true-up of Special Matching Contributions shall be performed at the end of any Plan Year.

~~(iii)~~ (iv) Profit Sharing Contributions. An amount equal to nine percent (9%) of each Participant's Compensation for a Plan Year. In addition, the Employer may make a Profit Sharing Contribution in an amount as the Employer in its sole discretion may elect.

- (B) Distribution of Excess Elective Deferrals. A Participant may assign to this Plan any Excess Elective Deferrals made during a calendar year by notifying the Administrator on or before March 1st of each year of the Excess Elective Deferrals to be assigned to this Plan. A Participant who claims Excess Elective Deferrals for a preceding calendar year must submit ~~his-their~~ claim in writing to the Administrator by April 1st of the year following the calendar year that the Excess Elective Deferral occurred. Notwithstanding any other provisions of the Plan, Excess Elective Deferrals, plus any income and minus any loss allocable thereto, shall be distributed no later than April 15th to any Participant to whose Account Excess Elective Deferrals were allocated for the preceding calendar year and who claims Excess Elective Deferrals for such calendar year.
- (C) Determination of Income or Loss. Excess Elective Deferrals shall be adjusted for any income or loss up to the date of distribution. The income or loss allocable to Excess Elective Deferrals is the sum of:

- (i) income or loss allocable to the Participant's Elective Deferral Account for the calendar year multiplied by a fraction, the numerator of which is such Participant's Excess Elective Deferrals for the calendar year and the denominator is the Participant's Account balance attributable to Elective Deferrals without regard to any income or loss occurring during such calendar; and
 - (ii) ten percent of the amount determined under (i) multiplied by the number of whole calendar months between the end of the Participant's taxable year and the date of distribution, counting the month of distribution if distribution occurs after the fifteenth (15th) of such month.
- (D) A CODA election cannot relate to Compensation that is currently available prior to the adoption or effective date of the CODA. In addition, except for occasional, bona fide administrative considerations, contributions made pursuant to such an election cannot precede the earlier of (1) the performance of services relating to the contribution and (2) when the Compensation that is subject to the election would be currently available to the Employee in the absence of an election to defer.
- (E) All Eligible Employees who have attained or who will attain age 50 before the close of the applicable Plan Year shall be eligible to make catch-up contributions in accordance with, and subject to the limitations of Code Section 414(v). Such catch-up contributions shall not be taken into account for purposes of the provisions of the Plan implementing the required limitations of Code Sections 402(g) and 415. The Plan shall not be treated as failing to satisfy the provisions of the Plan implementing the requirements of Code Section 401(k)(3), 401(k)(11), 401(k)(12), 410(b), or 416, as applicable, by reason of the making of such catch-up contributions.
- (F) In no event shall the Employer's contribution for any Plan Year be so large as to cause the annual addition for any Participant to exceed the amount permitted under Section 415 of the Code.
- (G) The Employer shall, notwithstanding any other provisions of the Plan, make all contributions to the Plan without regard to the fact that, as a government, it has no profits. Notwithstanding the foregoing, the Plan shall continue to be designed to qualify as a profit sharing plan for purposes of Sections 401(a), 402, 412, and 417 of the Code.

4.2 Elective Deferrals.

- (A) The Employer contribution described in Section 4.1(A)(i) is a 401(k) elective contribution. For any Plan Year, subject to the provisions of Sections 4.1(B) and 4.3(A), each active Participant may elect to defer such portion of ~~his~~their Compensation as Elective Deferrals.
- (B) An Eligible Employee may file a salary reduction agreement with the Administrator. A salary reduction agreement executed by an Eligible Employee may not be effective earlier than its execution date, but in no event earlier than such Eligible Employee's Entry Date. The salary reduction agreement shall apply to

Compensation (including increases in Compensation) which is available to the Employee after the effective date of the salary reduction agreement.

- (C) The salary reduction agreement must specify the whole percentage of Compensation the Participant wishes to defer. A Participant may modify ~~his~~-~~their~~ salary reduction agreement, either to reduce or to increase the amount of ~~his~~-~~their~~ Elective Deferral, to be effective for the ensuing January 1st or July 1st by completing a revised election form at least thirty (30) days before such January 1st or July 1st of each year. A Participant may completely discontinue Elective Deferrals as of any payroll period by completing a revised election form to be effective no earlier than one (1) month after receipt of such revised election by the Employer. If a Participant completely discontinues Elective Deferrals, then such Participant cannot resume said contributions until the next following January 1st or July 1st.

Notwithstanding the foregoing, effective February 1, 2016, a Participant may modify ~~his~~-~~their~~ salary reduction agreement at any time, either to reduce or to increase the amount of ~~his~~-~~their~~ Elective Deferral, by completing a revised election form and such modification shall become effective as soon as administratively feasible after such modification is filed with the Administrator.

4.3 Discrimination Testing of Elective Deferrals and Matching Contributions.

Because this is a government plan, no discrimination testing of Elective Deferrals, Matching Contributions or Special Matching Contributions is required.

4.4 Voluntary Contributions.

The Administrator shall not accept any Voluntary Contributions for fiscal years beginning after December 31, 1986.

4.5 Duties of Trustee Regarding Contributions.

The Trustee shall receive all contributions hereunder by the Employer and the Participants in cash or other property acceptable to the Trustee and shall be accountable for all such assets and contributions but shall have no duty to collect or enforce payment to it of any contributions to the Trust nor to determine or verify the accuracy thereof.

4.6 Transfers From Other Qualified Plans.

Notwithstanding any other provision hereof, there may be transferred to the Trustee all or any of the assets held (whether by a trustee, custodian or otherwise) on behalf of any other plan which satisfies the applicable requirements of Code Sections 401(a) or 403(a), and which is maintained for the benefit of any persons who are or are about to become Participants in this Plan. Nothing shall require the Trustee, custodian, or Administrator to accept assets in kind that are illiquid or not subject to ease of valuation.

ARTICLE V
ALLOCATIONS TO PARTICIPANTS' ACCOUNTS

5.1 Individual Accounts.

- (A) The Administrator shall establish and maintain the following Accounts in the name of each Participant to the extent applicable:
- (i) Elective Deferral Account;
 - (ii) Matching Contribution Account;
 - (iii) Regular Account;
 - (iv) Rollover Account; and
 - (v) Voluntary Contribution Account.

In addition, the Administrator may establish one or more sub-accounts of a Participant's Account or Accounts, if the Administrator determines such sub-accounts are necessary or appropriate in administering the Plan. The amount contributed by a Participant or allocated to such Participant shall be credited to ~~his~~-their Accounts in the manner set forth in Section 5.2 hereof. All payments to a Participant or ~~his~~-their Beneficiaries shall be charged against the respective Accounts of such Participant.

- (B) If any Participant ceases to participate because of a break in service and again becomes an Eligible Employee, the Administrator shall, upon the commencement of such Employee's re-participation, establish new Accounts for him.

5.2 Order of Adjustment to Accounts.

As of each Valuation Date, the Administrator shall:

- (A) First, charge to the individual Accounts all payments or distributions made from such Accounts as of such Valuation Date as provided in Section 5.3;
- (B) Second, exclude any amounts that become forfeitable during such Plan Year and allocate the net fair market value of the Trust as provided in Section 5.3 to the remaining Account balances of all Participants; and
- (C) Third, credit to the respective individual Accounts Employer contributions and forfeitures, if any, which are to be credited as of such date in accordance with Section 5.4.

5.3 Valuation of Accounts.

As of each Valuation Date, the Administrator shall determine the fair market value of the Trust and shall then determine the net earnings, gains, and/or losses of the Trust for such Plan Year.

As of each Valuation Date the investment earnings (or losses, if such computation is negative) and the changes in the fair market value shall be allocated to the individual Accounts based upon a fraction the numerator of which shall be the balance of each such Account at the previous Valuation Date, plus any additions and less any withdrawals made to such Accounts since the previous Valuation Date, properly adjusted to consider time each amount was in the Trust and the denominator shall be the sum of the above.

Except as provided in Section 5.6(C), the allocations required by this Section shall be the first (1st) and second (2nd) allocations made by the Administrator at the end of each Plan Year.

5.4 Crediting of Employer Contributions.

- (A) Elective Deferrals. The Administrator shall allocate to each Participant's Elective Deferral Account the Elective Deferrals the Employer makes to the Trust on behalf of the Participant for the Plan Year.
- (B) Matching Contributions. The Administrator shall allocate to each Participant's Matching Contribution Account the Matching Contributions and/or Special Matching Contributions the Employer makes to the Trust on behalf of the Participant for the Plan Year.
- (C) Profit Sharing Contributions. A Participant shall be entitled to share in the Profit Sharing Contributions for a Plan Year, if any, which occurred during such Plan Year if, during such Plan Year, he was employed for at least one (1) day.

~~As of each Anniversary Date or as soon as administratively feasible after the applicable Anniversary Date, the Profit Sharing Contributions for the Plan Year ending on such date shall be allocated among and credited to the Regular Accounts of the Participants entitled to share in such contributions and forfeitures in proportion to their respective amounts of Compensation for such Plan Year. As of each payroll date or as soon as administratively feasible thereafter, the Profit Sharing Contributions for the preceding pay period shall be allocated among and credited to the Regular Accounts of the Participants entitled to share in such contributions. As soon as administratively feasible after each Anniversary Date, forfeitures in proportion to each Participant's Compensation for the Plan Year shall be allocated each Participant's Regular Account.~~

5.5 Crediting of Voluntary Contributions.

Since no Voluntary Contributions are permitted under this Plan after December 31, 1986, there will be no crediting of such contributions. However, in the event Voluntary Contributions were made to the Plan for Plan Years beginning before December 31, 1986, such Voluntary Contributions will be maintained in separate Voluntary Contribution Accounts for each Participant which will be non-forfeitable at all times. The respective Voluntary Contribution Accounts will share in gains and losses of the Trust in the same manner as described in Section 5.3 of the Plan. The Participant may withdraw any part of the respective Voluntary Contribution Accounts by making a written application to the Administrator. A Participant shall be limited to two withdrawals in each Plan Year.

5.6 Limitation on Allocations to Participants.

Effective for Limitation Years commencing on or after June 30, 2007, except as otherwise provided in Section 4.1(E):

- (A) The Annual Addition to the Accounts of any Participant for any Plan Year under this Plan and under any other qualified defined contribution plan of the Employer may not exceed the lesser of ~~\$53,000 as adjusted for increases in the cost of living under the limits set by the IRS Internal Revenue Service in accordance with~~ Code Section 415(d), or one-hundred percent (100%) of the Participant's "415 Compensation" for the Limitation Year. Notwithstanding the foregoing, the "415 Compensation" limitation expressed as a percentage and referred to above shall not apply to any contribution for medical benefits within the meaning of Section 401(h) or Section 419A(f)(2) of the Code which is otherwise treated as Annual Additions under Section 415(l)(1) or Section 419A(d)(2) of the Code.
- (B) Annual Additions shall not include amounts listed in Sections 415(c)-1(b)(2)(ii) or 1.415(c)-1(b)(3)(i)(v) of the Regulations, including restorative payments that are allocated to a Participant's Accounts. For this purpose, restorative payments are payments made to restore losses to the Plan resulting from actions by a fiduciary for which there is reasonable risk of liability for breach of a fiduciary duty under applicable state law, where Participants who are similarly situated are treated similarly with respect to the payments. Generally, payments to a defined contribution plan are restorative payments only if the payments are made in order to restore some or all of the plan's losses due to an action (or a failure to act) that creates a reasonable risk of liability for such a breach of fiduciary duty (other than a breach of fiduciary duty arising from failure to remit contributions to the plan). This includes payments to a plan made pursuant to a court-approved settlement, to restore losses to a qualified defined contribution plan on account of the breach of fiduciary duty (other than a breach of fiduciary duty arising from failure to remit contributions to the plan). Payments made to a plan to make up for losses due merely to market fluctuations and other payments that are not made on account of a reasonable risk of liability for breach of a fiduciary duty under California law are not restorative payments and generally constitute contributions that give rise to Annual Additions.
- (C) In the event that the allocation of Annual Additions as provided in this Section would result in an allocation to a Participant in excess of the foregoing limit on Annual Additions, the Employer should correct such excess in accordance with the Employee Plans Compliance Resolution System promulgated in Rev. Proc. 2013-12, as amended and/or superseded.
- (D) For purposes of this Section 5.6, the term "415 Compensation" shall mean a Participant's earned income, wages, salaries and fees for professional services (without regard to whether or not such amount is paid in cash) and other amounts received for personal services actually rendered in the course of employment with an Employer maintaining the Plan (including, but not limited to, commissions paid salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips and bonuses, any salary reduction elected pursuant to any employee benefit plan as defined in Section 401(k) of the Code,

any cafeteria plan as defined in Section 125 of the Code, or any deferred compensation plan as defined in Section 457 of the Code, and effective as of July 1, 2001, any amounts that are not includible in income under Section 132(f)(4) of the Code).

- (E) In addition to the above, 415 Compensation also includes the following payments after severance from employment:
- (i) regular pay, which, for purposes of this Section, are payments for regular compensation for service during the Participant's regular working hours, or compensation for services outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments, and where such payments would have been paid to the Participant prior to a severance from employment if the Participant had continued in employment with the Employer;
 - (ii) leave cash-outs, in accordance with Section 1.415(c)-2(e)(3)(iii) of the Regulations, which include payment for unused accrued bona fide sick, vacation, or other leave, but only if the Participant would have been able to use the leave if employment had continued; and
 - (iii) deferred compensation in accordance with Section 1.415(c)-2(e)(3)(iii) of the Regulations, received by the Participant pursuant to a nonqualified unfunded deferred compensation plan, but only if the payment would have been paid to the Participant at the same time if the Participant had continued employment with the Employer and only to the extent that the payment is includible in the Participant's gross income.
- (F) Payments for regular pay, leave cash-outs, and deferred compensation paid after severance from employment are included in 415 Compensation only where such payments are paid by the later of 2 ½ months after severance from employment with the Employer or the end of the Limitation Year that includes the date of severance from employment with the Employer.
- (G) The term, "severance from employment" is determined in the same manner as under Section 1.401(k)-1(d)(2) of the Regulations, except that, for purposes of determining the Employer, the modifications under Section 415(h) of the Code (as described in Section 1.415(a)-1(f) of the Regulations), apply.
- (H) Furthermore in the case of an Employee of two or more corporations which are members of a controlled group of corporations (as defined in Code section 414(b) as modified by Code section 415(h)), 415 Compensation includes compensation from all employers that are members of the group, regardless of whether the Participant's particular employer has a qualified plan. This rule also applies to an Employee of two or more trades or businesses (whether or not incorporated) that are under common control (as defined in Code Section 414(c) as modified by Code Section 415(h)), to an Employee of two or more members of an affiliated service group (as defined in Code section 414(m)), and to an Employee of two or more members of any group of employers who must be aggregated and treated as one employer pursuant to Code section 414(o).

- (I) 415 Compensation excludes the following:
- (i) Employer contributions to a plan of deferred compensation which are not includible in the Participant's gross income for the Taxable Year in which contributed (or Employer contributions to a simplified employee pension plan to the extent deductible by the Employee) or any distributions from a plan of deferred compensation (except for payments of deferred compensation after severance from employment as described above);
 - (ii) Amounts realized from the exercise of a nonstatutory option as defined in Section 1.421-1(b) of the Regulations, or when restricted stock (or property) held by a Participant either becomes freely transferable or is no longer subject to a substantial risk of forfeiture (pursuant to Regulations promulgated under Code section 83);
 - (iii) Amounts realized from the sale, exchange or other disposition of stock acquired under a statutory stock option (as defined in Section 1.421-1(b) of the Regulations; and
 - (iv) Other amounts that receive special tax benefits, such as premiums for group-term life insurance (but only to the extent that the premiums are not includible in the Employees gross income and are not salary reduction amounts described in Code section 125).
 - (v) For purposes of applying the limitations of this Article, 415 Compensation for a Limitation Year is the Compensation actually paid or otherwise includible in gross income during such Limitation Year.

———Notwithstanding the foregoing, “415 Compensation” shall not exceed the sum ~~of \$265,000 (as adjusted for increases in the cost of living under set by the IRS Internal Revenue Service in accordance with~~ Section 415(d) of the Code).

- (J) For the purpose of this Section 5.6 the term “Annual Addition” shall have the following meaning: the sum for each Participant for each Plan Year of the following (a) the Participant's Elective Deferrals, (b) all Employer contributions not described in a) above as well as forfeitures, (c) Participant's employee contributions, if any, (d) amounts allocated to an individual medical account (as defined in Section 415(l) of the Code) which is part of a pension or annuity plan maintained by the Employer, and (e) amounts derived from contributions which are attributable to post-retirement medical benefits, if any (as described in Sections 419A(d) and 419(e) of the Code, respectively). It includes such amounts under this Plan and any other defined contribution plan of the Employer. For purposes of applying Section 414(b) and (c) of the Code to determine whether an entity is an Affiliated Company, for purposes of this definition only, the percentage of control referred to in Section 1563(a)(1) of the Code shall be more than 50% (rather than 80%) or more) as provided in Section 415(h) of the Code. For the foregoing purposes, employee contributions shall not include any rollover contributions (as defined in Section 402(c), 403(a)(4), 403(b)(8), 405(b)(3) and 408(d)(3) of the Code), or any employee contributions to a simplified employee pension plan allowable as a deduction under Section 219(a) of the Code.

**ARTICLE VI
RIGHT TO BENEFITS**

6.1 Vesting of Accounts.

The Elective Deferral Account, Matching Contribution Account, Regular Account, Rollover Account and Voluntary Contribution Account, if any, shall be one hundred percent (100%) vested and non-forfeitable at all times.

**ARTICLE VII
DISTRIBUTION OF BENEFITS**

7.1 Methods and Time of Distributions.

- (A) Settlement Options. Subject to the provisions hereof, the Administrator shall direct the Trustee to distribute the net credit balances in a Participant's Elective Deferral Account, Matching Contribution Account, Regular Account, Rollover Account and Voluntary Contribution Account, if any, to or for the benefit of such Participant in any one or a combination of the following methods:
- (i) In cash or in-kind (other than in the form of a life annuity) in a single lump-sum payment provided that, except as provided in Section 7.3, the Participant and the Participant's spouse, if any, consent in writing thereto.
 - (ii) In cash or in-kind in a series of substantially equal annual or more frequent installments over:
 - (a) Any period allowed by the Code and the Regulations as in effect prior to the Tax Equity and Fiscal Responsibility Act of 1982 if the Participant had made an effective election under Section 242(b) of such Act which has not been revoked; or
 - (b) A period not to exceed the greater of:
 - (I) the Participant's Life Expectancy; or
 - (II) the joint and last survivor expectancy of the Participant and the Participant's Beneficiary (if the Beneficiary is an individual); or
 - (iii) An annuity payable under any option available, which is in compliance with the Code and Regulations. If distribution is to be made by purchase of an annuity contract, the Trustee will reduce to cash the amount to which the Participant or such Participant's Beneficiary is entitled under the provisions of the Plan and apply such amount to the purchase of an immediate annuity contract from an insurer on such terms as the Administrator may direct, and shall deliver such annuity contract to the Participant or Beneficiary. Any such annuity contract shall provide that it cannot be transferred by the Participant or Beneficiary, except to the insurer. Any annuity contracts purchased and distributed under this Section of the Plan must meet the consent requirements of Code Section 417 and the Regulations promulgated thereunder.

(B) Commencement of Benefits.

(i) General Rule. Unless the Participant elects otherwise, distribution of benefits will begin no later than the sixtieth (60th) day after the latest of the close of the Plan Year in which:

(a) The Participant attains age sixty-five (65) (or Normal Retirement Age, if earlier);

(b) Occurs the tenth (10th) anniversary of the year in which the Participant commenced participation in the Plan; or

(c) The Participant terminates employment with the Employer.

(ii) If the value of the Elective Deferral Account, Matching Contribution Account, Regular Account and Voluntary Contribution Account is in excess of \$5,000, the failure of a Participant to affirmatively agree in writing to receive a benefit distribution while a benefit is immediately distributable, within the meaning of Section 7.3, shall be deemed to be an election to defer commencement of payment of any benefit sufficient to satisfy this paragraph.

(iii) Any required consent by a Participant to receive a distribution of ~~his~~their benefit while such benefit is immediately distributable, within the meaning of Section 7.3 shall be in writing and may be given only after the Participant has received a general explanation of Participant's options in accordance with Section 1.411(a)-11(c) of the Income Tax Regulations and Sections 402(f), and 417 of the Code. Said notice shall be given at least 30 days, but not more than 180 days, prior to making the distribution unless:

(a) The Administrator clearly informs the Participant of ~~his~~their right to at least thirty (30) days to consider Participant's decision;

(b) The Participant, after receiving the said notice, affirmatively elects the distribution; and

(c) the distribution is not one to which Sections 401(a)(11) and 417 of the Code apply.

In addition, said notice shall include a description of the Participant's right, if any, to defer receipt of a distribution, including a description of the consequences of failing to defer receipt of the distribution, a description indicating the investment options available under the Plan (including fees, if any) that will be charged to the Participant's Account if the Participant defers distribution; and the portion of the summary plan description that contains any special rules that might affect materially a Participant's decision to defer.

(iv) Distribution Events. Except as otherwise provided in the Plan, Elective Deferral Account, Matching Contribution Account, and Regular Account are not distributable to a Participant or ~~his~~their Beneficiary earlier than

upon severance from employment, death, or Total and Permanent Disability; provided, however, such Accounts may also be distributed upon:

- (a) Termination of the Plan without the establishment of another defined contribution plan, or
- (b) The attainment of age 59 1/2.

(C) Hardship Distributions. Prior to January 1, 2019, dDistributions of Elective Deferrals (and earnings thereon accrued as of December 31, 1988) may be made to a Participant in the event of hardship. For the purposes of this Section, hardship is defined as an immediate and heavy financial need of the Employee where such Employee lacks other available resources. After January 1, 2019, hardship distributions may be made from all amounts in a Participant's Account, regardless of source.

(i) A distribution under the Plan is hereby deemed to be on account of an immediate and heavy financial need of an Employee if the distribution is for one of the following or any other item permitted under Regulation Section 1.401(k)-1(d)(3)(iii)(B):

(a) Expenses for (or necessary to obtain) medical care that would be deductible under Code Section 213(d) (determined without regard to whether the expenses exceed 7.5% of adjusted gross income);

(b) Costs directly related to the purchase of a principal residence for the Employee (excluding mortgage payments);

(c) Payment of tuition, related educational fees, and room and board expenses, for up to the next twelve (12) months of post-secondary education for the Employee, the Employee's spouse, children, or dependents (as defined in Code Section 152, and, for taxable years beginning on or after January 1, 2005, without regard to Code Section 152(b)(1), (b)(2), and (d)(1)(B));

(d) Payments necessary to prevent the eviction of the Employee from the Employee's principal residence or foreclosure on the mortgage on that residence;

(e) Payments for burial or funeral expenses for the Employee's deceased parent, spouse, children, ~~or~~ dependents (as defined in Code Section 152, and, for taxable years beginning on or after January 1, 2005, without regard to Code Section 152(d)(1)(B)) or beneficiaries; or

(f) Expenses for the repair of damage to the Employee's principal residence that would qualify for the casualty deduction under Code Section 165 (determined without regard to whether the loss exceeds 10% of adjusted gross income) without regard to whether the loss is attributable to a Federally declared disaster); or

(f)(g) Expenses and losses (including loss of income) incurred by the Participant on account of a disaster declared by the Federal Emergency Management Agency (FEMA), provided that the Participant's principal residence or principal place of employment at the time of the disaster was located in an area designated by FEMA for individual assistance with respect to the disaster.

- (ii) Effective as of January 1, 2006, because the Plan provides for hardship distributions upon satisfaction of the safe harbor standards set forth in Regulation Sections 1.401(k)-1(d)(3)(iii)(B) (deemed immediate and heavy financial need) and 1.401(k)-1(d)(3)(iv)(E) (deemed necessary to satisfy immediate need), there shall be no reduction in the maximum amount of Elective Deferrals that a Participant may make pursuant to Code Section 402(g) solely because of a hardship distribution made by this Plan or any other plan of the Employer.
 - (iii) For hardship distributions made prior to June 30, 2019, a ~~The~~ Participant's Elective Deferrals, DCP Deferrals and similar contributions and after-tax contributions elected by the Participant under all other qualified and non-qualified plans of deferred compensation (including similar plans) maintained by the Employer, shall be suspended for six (6) months after receipt of the hardship distribution. Following the six (6) month suspension, such Participant's Elective Deferrals and DCP Deferrals shall resume only upon affirmative election by the Participant. Effective for hardship distributions made on or after July 1, 2019, the restriction in this Section 7.1(C)(iii) shall not apply.
- (D) Non-Spouse Beneficiary Rollover. A non-spouse Beneficiary who is a "designated beneficiary" under Section 401(a)(9)(E) of the Code and the Regulations thereunder, may, by a direct trustee-to-trustee transfer, roll over all or any portion of ~~his or her~~their distribution to an individual retirement account the Beneficiary establishes for purposes of receiving the distribution. In order to be able to rollover the distribution, the distribution otherwise must satisfy the definition of an eligible rollover distribution.
- (i) Although a non-spouse Beneficiary may roll over directly a distribution, any distribution made prior to January 1, 2010 is not subject to the direct rollover requirements of Section 401(a)(31) of the Code (including Section 401(a)(31)(B) of the Code, the notice requirements of Section 402(f) of the Code or the mandatory withholding requirements of Section 3405(c) of the Code). If a non-spouse Beneficiary receives a distribution from the Plan, the distribution is not eligible for a "60-day" rollover.
 - (ii) If the Participant's named Beneficiary is a trust, the Plan may make a direct rollover to an individual retirement account on behalf of the trust, provided the trust satisfies the requirements to be a designated Beneficiary within the meaning of Section 401(a)(9)(E) of the Code.
 - (iii) A non-spouse Beneficiary may not roll over an amount which is a required minimum distribution, as determined under applicable Regulations and

other IRS guidance. If the Participant dies before ~~his or her~~their required beginning date and the non-spouse Beneficiary rolls over to an IRA the maximum amount eligible for rollover, the Beneficiary may elect to use either the 5-year rule or the life expectancy rule, pursuant to Section 1.401(a)(9)-3, A-4(c) of the Regulations, in determining the required minimum distributions from the IRA that receives the non-spouse Beneficiary's distribution.

- (E) Direct Rollover. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this part, a Distributee may elect, at the time and in the manner prescribed by the Administrator, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover.
- (F) For purposes of Section 7.1(D) of the Plan, the following definitions apply:
- (i) **“Eligible Rollover Distribution”** shall mean any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or Life Expectancy) of the Distributee or the joint lives (or joint Life Expectancies) of the Distributee and the Distributee's Beneficiary, or for a specified period of ten (10) years or more; any distribution to the extent such distribution is required under Code Section 401(a)(9); any hardship distribution; the portion of any other distribution(s) that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to Employer securities); and any other distribution(s) that is reasonably expected to total less than \$200 during a year. A portion of a distribution shall not fail to be an Eligible Rollover Distribution merely because the portion consists of Voluntary Contributions which are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in Sections 408(a) or (b) of the Code, or to a qualified defined contribution plan described in Section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.
 - (ii) **“Eligible Retirement Plan”** shall mean an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan, an individual retirement account described in Section 408(a) of the Code, and individual retirement annuity described in Section 408(b) of the Code an annuity plan described in Section 403(a) of the Code, an annuity contract described in Section 403(b) of the Code, or a qualified plan described in Section 401(a) of the Code, that accepts the Distributee's Eligible Rollover Distribution. The definition of Eligible Retirement Plan shall also apply in the case of a distribution to a surviving

spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relation order, as defined in Section 414(p) of the Code. If any portion of an Eligible Rollover Distribution is attributable to payments or distributions from a designated Roth account, an Eligible Retirement Plan with respect to such portion shall include only another designated Roth account of the individual from whose account the payments or distributions were made, or a Roth IRA, as described in Section 408A(b) of the Code, of such individual.

- (iii) **“Distributee”** shall mean an Employee, former Employee, the Employee’s or former Employee’s surviving spouse or the Employee’s or former Employee’s spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code.
- (iv) **“Direct Rollover”** shall mean a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

7.2 Cash-Outs.

- (A) The following rules shall apply if the net credit balances in the Participant’s Elective Deferral Account, Matching Contribution Account, Regular Account and Voluntary Contribution Account become distributable from the Plan:
 - (i) Effective for Plan Years commencing on or after July 1, 2001, if the value of the Participant’s vested interest in such Account or Accounts at the time of the distribution does not exceed \$5,000.00, the Administrator shall distribute, in one lump sum payment, the value of the entire vested interest in such Account or Accounts to the Participant without the Participant’s consent and the nonvested portion of such Account or Accounts, if any, will be treated as a forfeiture.
 - (ii) For purposes of this Section 7.2(A), if the value of a Participant’s vested balance in ~~his~~their Account or Accounts is zero, the Participant shall be deemed to have received a distribution of such vested balance in ~~his~~their Account or Accounts.
 - (iii) For purposes of determining dollar value of Accounts under this Section 7.2, the value of a Participant’s non-forfeitable account balance shall be determined without regard to that portion of the account balance that is attributable to rollover contributions (and earnings allocable thereto) within the meaning of Code Sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e)(16).
- (B) Notwithstanding any contrary provision of the Plan, in the event that a distribution is made from the Plan on or after July 1, 2007 of an amount of \$5,000 or less in accordance with the provisions of Subsection 7.2(A) above, if the Participant fails to elect to have such distribution either (i) paid directly to an eligible retirement plan specified by the Participant in a direct rollover, or (ii) receive the distribution directly, then the Administrator will pay the distribution in a direct rollover to an individual retirement plan designated by said Administrator.

- (C) In the event:
- (i) the net credit balances in the Participant's Account or Accounts become distributable pursuant to the provisions of -the Plan-; and
 - (ii) the value of the Participant's vested interest in such Account or Accounts exceeds \$5,000.00, the Participant must consent in writing to any immediate distribution.

The distribution of the Account balance is deemed to be an immediate distribution if any part of the Account balance could be distributed to the Participant before the Participant attains (or would have attained if not deceased) the later of Normal Retirement Age or age sixty-two (62).

- (D) No Trustee Discretion. The Trustee shall have no discretion with respect to making distributions under the Plan and, therefore, except as otherwise specifically provided hereinabove, shall make distributions only at such times and in such manner as the Administrator directs. The Trustee shall have no responsibility to see to the application of distributions so made or to ascertain whether the directions of the Administrator comply with the Plan.

7.3 Persons Under Legal or Other Disability.

In the event a Participant or ~~his~~-~~their~~ Beneficiary is judicially determined to be incompetent and a conservator or other person legally charged with the care of ~~his~~-~~their~~ person or of ~~his~~-~~their~~ estate is appointed any benefits to which such Participant or Beneficiary is entitled shall be paid to such conservator or other person legally charged with the care of ~~his~~-~~their~~ person or of ~~his~~-~~their~~ estate. Except as provided in this Section, when, in the opinion of the Administrator, a Participant or ~~his~~-~~their~~ Beneficiary is in any way incapacitated so as to be unable to manage ~~his~~-~~their~~ financial affairs, the Administrator may direct the Trustee to make payments or distributions to ~~his~~-~~their~~ legal representative for ~~his~~-~~their~~ benefit, or the Administrator may direct the Trustee to make payments and distributions for the exclusive benefit of the Participant or ~~his~~-~~their~~ Beneficiary.

The decision of the Administrator shall, in each case, be final and binding upon all parties, and any distribution made pursuant to the power herein conferred on the Administrator shall, to the extent so made, be a complete discharge of the obligations under the Plan, the Employer and the Administrator with respect to such Participant or Beneficiary.

7.4 Missing Participants or Beneficiaries.

Each Participant and each Beneficiary shall file, or cause to be filed, with Administrator from time to time in writing, ~~his~~-~~their~~ post office address and each change of post office address. Any communication, statement or notice addressed to a Participant or ~~his~~-~~their~~ Beneficiary at ~~his~~-~~their~~ last post office address filed with the Administrator, or if no address is filed with the Administrator then at ~~his~~-~~their~~ last post office address as shown on the Employer's records, will be binding on the Participant and ~~his~~-~~their~~ Beneficiary for all purposes of the Plan. Neither the Administrator nor the Trustee shall be required to search for or locate a Participant or ~~his~~-~~their~~ Beneficiary. Provided however, if a distribution of \$5,000 cannot be distributed because the Participant can't be located, the Administrator shall distribute the Accounts of such Participant to an IRA account in the name of the Participant. If the amount of the Accounts of the missing Participant is in excess of \$5,000, then such accounts shall be held by the Plan until a diligent

search using the IRS Locator Service has been conducted. If thereafter the Participant still can't be found, the Administrator shall distribute the accounts of such Participant to an IRA account in the name of the Participant.

7.5 Lien for Debts to Trust.

If, at the time of occurrence of any event which causes a distribution to be made hereunder, notwithstanding any other provisions of the Plan to the contrary, should a Participant have any outstanding indebtedness to Trust, the Administrator shall determine the total amount of such indebtedness and notify the Trustee. The Trustee, upon receipt of such notice, shall retain such amount from the Participant's vested Account or Accounts. In the event the Participant is to receive payment of ~~his~~~~their~~ interest herein by lump sum, the Trustee shall pay the Trust the debt outstanding and then distribute the remaining balance, if any, to the Participant. In the event the Participant is paid in installments, the installment payments will first be used to satisfy the debt and, after the debt is satisfied, the Participant shall receive the remaining installment payments, if any.

7.6 Qualified Domestic Relations Orders.

If the Administrator receives a Domestic Relations Order (an "Order") with respect to the Plan Benefit of a Participant, the Administrator shall determine, in accordance with its qualified domestic relations order procedures whether it is a Qualified Domestic Relations Order ("QDRO") as defined in Section 414(p) of the Code. If the Order satisfies said definition, the Administrator shall instruct the Trustee as to payment and shall take any other appropriate action necessary to comply with the Order. Furthermore, an Order that otherwise satisfies the requirements for a QDRO will not fail to be a QDRO solely because: (i) the Order is issued after, or revises, another Order or QDRO; or (ii) of the time at which the order is issued, including issuance after the annuity starting date or after the Participant's death. If the Administrator determines that the Order does not qualify as a QDRO, then the Participant and the person who submitted the Order shall be notified of the Administrator's decision.

Notwithstanding anything contrary in this Plan, an Order that provides for the distribution of benefits to an alternate payee at a time when such benefits are not payable to the Participant, shall not for such reason be deemed to be other than a QDRO regardless of whether the Participant has reached the earliest retirement age as defined in Section 414(q) of the Code.

ARTICLE VIII TOP HEAVY PROVISIONS

Because the Plan is a government plan, as defined in Code Section 414(d), it is exempt from the top-heavy rules under Code Section 401(A)(10)(B).

ARTICLE IX ROLLOVER CONTRIBUTIONS

9.1 Direct Inter-Plan Transfers.

- (A) Any Participant may, with the prior written consent of the Administrator, direct the appropriate funding agency or fiduciary of any qualified retirement plan

(“Transferor Plan”) to transfer directly to the Trustee such Participant’s entire interest in the Transferor Plan, exclusive of contributions made by the Participant as an employee or participant thereunder. Upon receipt by the Trustee of such a distribution, the Administrator shall establish a Rollover Account on behalf of the Participant in whose behalf such distribution was received. Such direct inter-plan transfer will comply with Code Section 411(d)(6) and the Regulations issued thereunder.

- (B) In the event a Participant shall be entitled to receive benefits under this Plan pursuant to the provisions of Articles VI and VII hereof and such Participant, prior to the distribution to him of the Plan benefit, becomes employed by another employer which maintains a qualified retirement plan (hereinafter referred to as the “Transferee Plan”), the Administrator, at the request of such Participant, shall direct the Trustee to transfer such Participant’s Plan benefit directly to the trustee of the Transferee Plan if each of the following conditions are satisfied:
- (i) the trustee of the Transferee Plan shall be authorized to accept the Plan benefit;
 - (ii) the Plan benefit shall be maintained in a separate account in the Transferee Plan; and
 - (iii) the Plan benefit shall not be forfeitable or reduce in any way the obligation of the sponsor of the Transferee Plan.

9.2 Rollover to the Plan.

Any Participant may, with the prior written consent of the Administrator, contribute a Rollover Amount to the Trust; provided, however, the Administrator may, in its sole discretion, refuse any such rollover. Upon receipt by the Trustee of a Rollover Amount, the Administrator shall establish a Rollover Account on behalf of the Participant in whose behalf such Rollover Amount was contributed.

9.3 Rollover Account Conditions and Limitations.

The Trustee shall not accept an inter-plan transfer pursuant to Section 9.1 or a Rollover Amount pursuant to Section 9.2 unless each of the following conditions are satisfied:

- (A) With respect to a direct inter-plan transfer pursuant to Section 9.1, the Rollover Amounts so transferred is certified by the trustee of the transferor plan to be permitted under the terms of such plan and the relevant provisions of the Code;
- (B) With respect to Rollover Amounts contributed pursuant to Section 9.2, the Participant shall present a written certification, in form satisfactory to the Administrator to the effect that such Rollover Amount is permitted under the relevant provision of the Code.
- (C) No Rollover Amount shall be less than \$100.00.

- (D) If it is determined that a Participant's Rollover Contribution mistakenly failed to be qualified under the Code, then the balance in the Participant's Rollover Account attributable to the mistaken transfer or rollover immediately shall be:
 - (i) Segregated from other Plan assets,
 - (ii) Treated as a nonqualified trust established by and for the benefit of the Participant, and
 - (iii) Distributed to the Participant.

Such mistaken Rollover Amount shall be deemed never to have been a part of the Plan.

9.4 Withdrawal of Rollover Accounts.

A Participant shall be limited to two withdrawals from ~~his~~their Rollover Account in each Plan Year.

ARTICLE X LIFE INSURANCE

10.1 Investment in Life Insurance Contracts.

No whole life, universal life, or term insurance shall be permitted under the terms of this Plan.

ARTICLE XI MINIMUM DISTRIBUTIONS REQUIREMENTS

11.1 General Rules

- (A) The provisions of this Article XVI and to the extent applicable the provisions of Subsections 7.1(D) and 7.1(E) will apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 calendar year.
- (B) Precedence. The requirements of this Article XVI will take precedence over any inconsistent provisions of the Plan.
- (C) Requirements of Treasury Regulations Incorporated. All distributions required under this Article XVI will be determined and made in accordance with the Regulations under Section 401(a)(9) of the Code.
- (D) TEFRA Section 242(b)(2) Elections. Notwithstanding the other provisions of this Article XVI, distributions may be made under a designation made before January 1, 1984, in accordance with Section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and the provisions of the Plan that relate to Section 242(b)(2) of TEFRA.

11.2 Time and Manner of Distribution

- (A) Required Beginning Date. The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's required beginning date, which shall be April 1 of the calendar year following the later of the calendar year in which the participant attains age 72 (age 70½, if the Participant attained age 70½ prior to 2020), or the calendar year in which the Participant separates from service with the Employer.
- (B) Death of Participant Before Distributions Begin. If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:
- (i) If the Participant's surviving spouse is the Participant's sole designated Beneficiary, then distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 72 (age 70½, if the Participant died or attained age 70½ prior to 2020)~~70½~~, if later.
 - (ii) If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, then, except as otherwise provided in Section 11.__, distributions to an Eligible Designated Beneficiary shall be paid under the five-year rule described herein, unless the designated Beneficiary elects to receive payments over his or her lifetime, provided that such payments begin by December 31 of the year following the year of the Participant's death. ~~distributions to the designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.~~
 - ~~(iii) If there is a designated Beneficiary, but no Eligible Designated Beneficiary, as of September 30 of the year following the year of the Participant's death, then distributions to the Participant's designated Beneficiary (if any) shall be distributed by December 31 of the calendar year containing the tenth anniversary of the Participant's death.~~
 - ~~(iv) If there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest shall be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.~~
 - ~~(v) If the Participant's Eligible Designated Beneficiary with respect to any portion of a Participant's Account dies (or ceases to be an eligible designated Beneficiary) before such portion is entirely distributed, any remainder of such portion shall be distributed by December 31 of the calendar year containing the tenth anniversary of such Eligible Designated Beneficiary's death (or the date on which the beneficiary ceased to be an Eligible Designated Beneficiary).~~
 - ~~(iii) If there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest~~

~~will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.~~

~~(iv)-(vi) If the Participant's surviving spouse is the Participant's sole designated Beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this Subsection 16.2(B) other than Subsection 16.2(B)(i), will apply as if the surviving spouse were the Participant.~~

For purposes of this Subsection 16.2(B) and Subsection 16.4 herein, distributions are considered to begin on the Participant's required beginning date. If Subsection 16.2(B)(4) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under Subsection 16.2(B)(1). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's required beginning date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under Subsection 16.2(B)(1), the date distributions are considered to begin is the date distributions actually commence.

- (C) Forms of Distribution. Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with Sections 16.3 and 16.4. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions hereunder will be made in accordance with the requirements of Section 401(a)(9) of the Code and the Regulations thereunder.

11.3 Required Minimum Distributions During Participant's Lifetime

- (A) Amount of Required Minimum Distribution for Each Distribution Calendar Year. During the Participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:
- (i) the quotient obtained by dividing the Participant's account balance by the distribution period in the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the Regulations, using the Participant's age as of the Participant's birthday in the distribution calendar year; or
 - (ii) if the Participant's sole designated Beneficiary for the distribution calendar year is the Participant's spouse, the quotient obtained by dividing the Participant's account balance by the number in the Joint and Last Survivor Table set forth in Section 1.401(a)(9)-9 of the Regulations, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the distribution calendar year.
- (B) Lifetime Required Minimum Distributions Continue Through Years of Participant's Death. Required minimum distributions will be determined under this section 3 beginning with the first distribution calendar year and up to and including the distribution calendar year that includes the Participant's date of death.

(C) Election to Allow Participants or Beneficiaries to Elect 5-Year Rule.

Notwithstanding the above, Participants or beneficiaries may elect on an individual basis whether the 5-year rule or the life expectancy rule in Sections 16.2(B) and 16.4(B) herein applies to distributions after the death of a Participant who has a designated Beneficiary. The election must be made no later than the earlier of September 30 of the calendar year in which distribution would be required to begin under Section 7.1(E)(v) herein, or by September 30 of the calendar year which contains the fifth anniversary of the Participant's (or, if applicable, surviving spouse's) death. If neither the Participant nor Beneficiary makes an election under this paragraph, distributions will be made in accordance with Sections 16.2(B) and 16.4(B) herein.

11.4 Required Minimum Distributions After Participant's Death

(A) Death On or After Date Distributions Begin

(i) Participant Survived by Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's designated Beneficiary, determined as follows:

(a) The Participant's remaining life expectancy is calculated using the date of the Participant in the year of death, reduced by one for each subsequent year.

(b) If the Participant's surviving spouse is the Participant's sole designated Beneficiary, the remaining life expectancy of the surviving spouse is calculated for each distribution calendar year after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year. For distribution calendar years after the year of the surviving spouse's death, the remaining life expectancy of the surviving spouse is calculated using the date of the surviving spouse as of the spouse's birthday in the calendar year of the spouse's death, reduced by one for each subsequent calendar year.

(c) If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, the designated Beneficiary's remaining life expectancy is calculated using the age of the Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(ii) No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no designated Beneficiary as of September 30 of the year after the year of the Participant's death, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the Participant's remaining life expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(B) Death Before Date Distributions Begin

- (i) Participant Survived by Designated Beneficiary. Except as provided in the Plan, if the Participant dies before the date distributions begin and there is an Eligible ~~Designated~~ Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant's designated Beneficiary, determined as provided in Subsection 7.1(E)(iii).
- (ii) No Eligible Designated Beneficiary. If the Participant dies before the date distributions begin and there is no Eligible ~~Designated~~ Beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the ~~tenth~~fifth anniversary of the Participant's death.

~~Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin. If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole designated Beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under Subsection 16.2(B)(i) herein, this Subsection 16.4(B) will apply as if the surviving spouse were the Participant.~~

(iii) No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no Designated Beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest shall be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

~~(iii)-(iv) Death of Eligible Designated Beneficiary Before Distributions to Eligible Designated Beneficiary Are Required to Begin. If the Participant's Eligible Designated Beneficiary with respect to any portion of a Participant's Account dies (or ceases to be an Eligible Designated Beneficiary) before such portion is entirely distributed, any remainder of such portion shall be distributed by December 31 of the calendar year containing the tenth anniversary of such Eligible Designated Beneficiary's death (or the date on which the beneficiary ceased to be an Eligible Designated Beneficiary).~~

11.5 Definitions

(A) Designated Beneficiary. The individual who is designated as the Beneficiary under Section 1.3 of the Plan and is the designated Beneficiary under Section 401(a)(9) of the Internal Revenue Code and Section 1.401(a)(9)-1, Q&A-4, of the Regulations.

(B) Distribution calendar year. A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year, which contains the Participant's required beginning date. For distributions

beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin under Subsection 7.1(D) herein. The required minimum distribution for the Participant's first distribution calendar year will be made on or before the Participant's required beginning date. The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant's required beginning date occurs, will be made on or before December 31 of that distribution calendar year.

(C) Eligible Designated Beneficiary. A person who is:

(i) The surviving spouse of a Participant;

(ii) A child of the Participant who has not reached majority, provided that such child shall cease to be an Eligible Designated Beneficiary as of the date he or she reaches majority, and provided further that, under regulations prescribed by the Secretary of the Treasury, any amount paid to a child shall be treated for purposes of this Plan as if it had been paid to the Participant's Surviving Spouse if such amount will become payable to the Surviving Spouse upon the child reaching majority (or other designated event permitted under such regulations);

(iii) Disabled (within the meaning of section 72(m)(7) of the Code)

(iv) A chronically ill individual (within the meaning of section 401(a)(9)(E)(ii)(IV) of the Code); or

(v) An individual not more than ten years younger than the Participant.

The determination of whether a designated Beneficiary is an Eligible Designated Beneficiary shall be made as of the date of the Participant's death.

(D) Life expectancy. Life expectancy as computed by use of the Single Life Table in Section 1.401(a)(9)-9 of the Regulations.

(E) Participant's account balance. The Account balance as of the last Valuation Date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the account balance as of dates in the valuation calendar year after the Valuation Date and decreased by distributions made in the valuation calendar year after the Valuation date. The Account balance for the valuation calendar year includes any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.

(F) Required beginning date. The date specified in Subsection 7.1(E)(v) of the Plan.

11.6 202009 Required Minimum Distributions. ~~Notwithstanding any contrary provision of the Plan, a Participant or Beneficiary who would have been required to receive a required minimum distribution for 2009 but for the enactment of Section 401(a)(9)(H) of the Code ("2009 RMDs") and would have satisfied that requirement by receiving distributions that are: (1) equal to 2009 RMDs; (2) one or more payments in a series of substantially equal distributions (that include 2009~~

~~RMDs) made at least annually and expected to last for the life (or life expectancy) of the Participant, the joint lives (or joint life expectancy) of the Participant and the Participant's Beneficiary, or for a period of at least 10 years ("Extended 2009 RMDs"), will receive such distributions for 2009 unless the Participant or Beneficiary affirmatively elects not to receive such distributions. Participants and designated beneficiaries will be given an opportunity to elect to stop receiving 2009 RMDs. Notwithstanding anything in the Plan to the contrary, a Participant or beneficiary who would have been required to receive required minimum distributions in 2020 (or paid in 2021 for the 2020 calendar year for a participant with a required beginning date of April 1, 2021) but for the enactment of section 401(a)(9)(I) of the Code ("2020 RMDs"), and who would have satisfied that requirement by receiving distributions that are either (1) equal to the 2020 RMDs, or (2) one or more payments (that include the 2020 RMDs) in a series of substantially equal periodic payments made at least annually and expected to last for the life (or life expectancy) of the participant, the joint lives (or joint life expectancies) of the participant and the participant's designated beneficiary, or for a period of at least 10 years ("Extended 2020 RMDs") will receive 2020 RMDs unless the Participant or beneficiary affirmatively elects not to receive 2020 RMDs. Such Participants and beneficiaries will be given an opportunity to make an election not to receive 2020 RMDs. A direct rollover will be offered only for distributions that are 2020 RMDs that are not Extended 2020 RMDs.~~

ARTICLE XII LOANS TO PARTICIPANTS

12.1 Requirements and Application.

The Administrator may, in its sole discretion, make loans to Participants which will constitute an individual investment of the Accounts of the Participant to whom such loan is made by the Plan, and each loan shall comply with the following:

- (A) loans shall be made available to all Participants on a reasonably equivalent basis;
- (B) loans shall not be made available to highly compensated employees in an amount greater than the amount made available to other Participants;
- (C) loans shall bear a reasonable rate of interest;
- (D) loans shall be adequately secured; and
- (E) loans shall provide for periodic repayment over a reasonable period of time.

12.2 Prohibited Transaction.

Loans shall not be made if such loan would be a prohibited transaction pursuant to Code Section 4975.

12.3 Repayment Period Limit.

Loans shall not be granted to any Participant that provide for a repayment period extending beyond such Participant's Normal Retirement Date.

12.4 Level Amortization.

Loans shall provide for level amortization with payments to be made not less frequently than quarterly over a period not to exceed five (5) years. However, loans used to acquire any dwelling unit which, within a reasonable time, is to be used (determined at the time the loan is made) as a principal residence of the Participant shall provide for periodic repayment over a reasonable period of time that may not exceed thirty (30) years.

12.5 Assignment or Pledge.

An assignment or pledge of any portion of a Participant's interest in the Plan and a loan, pledge, or assignment with respect to any insurance contract purchased under the Plan, shall be treated as a loan under this Section.

12.6 Loan Procedure Requirements.

All Participant loans shall be in accordance with the written loan procedure which must include, but need not be limited to, the following:

- (A) the identity of the person or positions authorized to administer the Participant loan program;
- (B) a procedure for applying for loans;
- (C) the basis on which loans will be approved or denied;
- (D) limitations, if any, on the types and amounts of loans offered;
- (E) the procedure under the program for determining a reasonable rate of interest;
- (F) the types of collateral which may secure a Participant loan; and
- (G) the events constituting default and the steps that will be taken to preserve Plan assets.

12.7 Written Loan Procedure.

Such Participant loan program shall be contained in a separate written document which, when properly executed, is hereby incorporated by reference and made a part of this Plan. Furthermore, such Participant loan program may be modified or amended in writing from time to time without the necessity of amending this Section of the Plan. Notwithstanding any other provisions of this Plan to the contrary, loan repayments will be suspended under this Plan as permitted under Code Section 414(u)(4).

ARTICLE XIII ADMINISTRATION

13.1 Administrator.

The Plan shall be administered by the Employer or by any person, including a committee consisting of at least one (1) individual, but not more than nine (9), appointed from time to time

by the Employer and subject to removal by the Employer at any time, with or without cause. Except as may be directed by the Employer, no person serving as Administrator will receive any compensation for ~~his~~their services as Administrator.

13.2 Rights and Duties.

The Administrator shall make decisions concerning Plan operation on behalf of the Participants and their Beneficiaries, shall have all powers and duties necessary to accomplish this purpose, including, without limiting the generality of the foregoing, the following:

- (A) To make and enforce such rules and regulations as it deems necessary or proper for the efficient administration of the Plan;
- (B) To interpret the Plan, its interpretation thereof in good faith to be final and conclusive on all Employees, former Employees, Participants, former Participants, and Beneficiaries;
- (C) To determine all questions concerning the Plan and the eligibility of any person to participate in the Plan;
- (D) To determine, compute and certify to the Trustee the amount and form of benefits which will be payable to any Participant, former Participant, or Beneficiary in accordance with the provisions of the Plan, and to determine the person or persons to whom such benefits will be paid;
- (E) To authorize the payment of benefits and all other disbursements by the Trustee from the Trust;
- (F) To maintain all the necessary records for the administration of the Plan other than those maintained by the Trustee; and
- (G) To submit any information returns to the IRS and to provide comparable information to payees of distributions from the Plan subject to withholding as may be prescribed by the Secretary of the Treasury.
- (H) To maintain such information and records with respect to payments and distributions from the Plan, payees of benefits, and elections with respect to withholding as the Secretary of the Treasury may prescribe.

13.3 Funding Policy and Method.

Contributions by the Employer shall be made in such amounts, and at such times, as required by the provisions of this Plan.

13.4 Transmittal of Information.

In order to enable the Administrator to establish a funding policy and to perform its other functions under the Plan, the Employer shall supply full and timely information to the Administrator on all matters relating to the Compensation of all Employees and Participants, their employment, their retirement, death, or termination of employment, and such other pertinent facts

as may be required. The Administrator shall advise the Trustee of such of the foregoing facts as may be pertinent to the Trustee's administration of the Trust.

13.5 Compensation.

The Administrator shall serve without compensation for the Administrator's services hereunder.

13.6 Retention of Advisers.

The Administrator may employ such persons or organizations to render advice or perform services with respect to the responsibilities of the Administrator under the Plan as the Administrator, in its sole discretion, determines to be necessary and appropriate. Such persons may include, without limitation, actuaries, attorneys, accountants, investment advisers and consultants. All costs, charges and expenses incurred by the Administrator under the provisions of this Section may be paid or reimbursed by the Employer or the Trust as provided in Section 12.2 of the Plan.

13.7 Indemnification.

To the extent permitted by the laws of the State of California, the Employer shall indemnify and hold harmless any other person to whom any fiduciary responsibility with respect to the Plan is allocated or delegated, from and against any and all liabilities and claims, including legal fees to defend against such liabilities and claims, and costs and expenses, arising out of their discharge in good faith of responsibilities under or incident to the Plan, excepting only expenses and liabilities arising out of willful misconduct or gross negligence.

13.8 Determinations and Corrections.

It is recognized in the administration of the Plan and Trust that certain mathematical and accounting errors may be made, or mistakes arise, by reason of factual errors in information supplied to the Administrator. The Administrator shall have the power to make such corrections and equitable adjustments, arising from mathematical, accounting or factual errors made in good faith, as the Administrator shall in its discretion deem appropriate, which adjustments shall be final and binding on all Employees, former Employees, Participants, former Participants and Beneficiaries.

13.9 Designation of Agents.

The Administrator shall, in its sole discretion, have the right to appoint such agents, as it may deem necessary to carry out its duties pursuant to the provisions of the Plan.

13.10 Relationship of Fiduciaries.

It is the intent of all fiduciaries under the Plan that each fiduciary shall be solely responsible for its own acts or omissions.

13.11 Claims for Benefits and Appeal Procedure.

- (A) Any request for benefits under the Plan by a Participant or former Participant, or in the case of a death benefit, by the Beneficiary of a deceased Participant shall be

submitted to the person or persons appointed by the Administrator in writing on the form prescribed by the Administrator. If the Administrator wholly or partially denies a claim for benefits, the Administrator shall, within a reasonable period of time, but no later than ninety (90) days after receipt of the claim, notify the claimant in writing or electronically of the adverse benefit determination. Notice of an adverse benefit determination shall be written in a manner calculated to be understood by the claimant and shall contain:

- (i) the specific reason or reasons for the adverse benefit determination;
- (ii) the specific reference to the Plan provisions on which the denial was based;
- (iii) a description of any additional material or information that may be necessary to perfect the claim and an explanation of why such material or information is necessary; and
- (iv) an explanation of the procedure for reviewing the denial of the claim and the time limits applicable to such procedure.

If the Administrator determines that an extension of time is necessary for processing the claim, the Administrator shall notify the claimant in writing of such extension, the special circumstances requiring the extension and the date by which the Administrator expects to render the benefit determination. In no event shall the extension exceed a period of ninety (90) days from the end of the initial ninety (90) day period.

- (B) Within sixty (60) days after the claimant receives the written or electronic notice of an adverse benefit determination, the claimant may file a written request with the Administrator that it conduct a full and fair review of the adverse benefit determination, including the holding of a hearing, if deemed necessary by the Administrator. In connection with the claimant's appeal of the adverse benefit determination, the claimant may review pertinent documents and may submit issues and comments in writing. The Administrator shall render a decision on the appeal promptly, but not later than sixty (60) days after the receipt of the claimant's request for review, unless special circumstances (such as the need to hold a hearing, if necessary) require an extension of time for processing, in which case the sixty (60) day period may be extended to one hundred and twenty (120) days. The Administrator shall notify the claimant in writing of any such extension, the special circumstances requiring the extension, and the date by which the Administrator expects to render the determination on review. The claimant shall be notified of the Administrator's decision in writing or electronically. In the case of an adverse determination, such notice shall:

- (i) include specific reasons for the adverse benefit determination;
- (ii) be written in a manner calculated to be understood by the claimant;
- (iii) contain specific references to the pertinent Plan provisions upon which the benefit determination is based;

- (iv) contain a statement that the claimant is entitled to receive upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits; and
 - (v) contain a statement of the claimant's right to bring an action against the Plan.
- (C) A claimant may not file a lawsuit with respect to benefits under this Plan until he has exhausted the Plan's claims and appeals procedures set forth in Section 13.11. Any such lawsuit shall be filed within 180 days following the date a final determination is made with respect to the claimant's claim under the Plan's claims and appeals procedures in this Section 13.11.

ARTICLE XIV TRUSTEE AND THE TRUST

14.1 Trust.

The Trustee shall invest, reinvest, hold and distribute the Trust, and the income and gains therefrom, in accordance with the provisions of the separate Trust established by the Employer to be a part of this Plan.

14.2 Trustee Fees.

The Employer or Trust shall pay all costs of administering the Plan and any expenses of the Trustee, other than normal brokerage charges which are part of the costs of securities purchased or sold. The determination as to who will pay the costs of administering the Plan shall be made by the Employer and such determination may be changed from time to time by the Employer.

ARTICLE XV AMENDMENT AND TERMINATION

15.1 Amendment by Employer.

The Employer shall have the right to amend this Plan from time to time and to amend further or cancel any such amendment. Such amendments shall be stated in an instrument in writing executed by the Employer and this Plan shall be deemed to have been amended in the manner and at the time therein set forth, and all Employees, former Employees, Participants, former Participants, Beneficiaries, the Employer, and the Trustee shall be bound thereby; provided, however:

- (A) No such amendment shall be effective which shall attempt to cause any of the assets of the Trust to be used for or diverted to purposes other than for:
 - (i) the exclusive benefit of the Participants, former Participants, or their Beneficiaries, and
 - (ii) the administrative and extraordinary expenses of the Plan which are not paid by the Employer;

- (B) No such amendment shall have any retroactive effect so as to deprive any Participant of any benefit already accrued to him; provided, however, that any such amendment may be made retroactively, if such amendment is necessary to bring the Plan and Trust into conformity with governmental regulations, to initially qualify it as a “Qualified Plan” under the Code provisions then in effect, subject, however, to the provisions of Code Section 401(b);
- (C) No such amendment shall increase the duties or liabilities of the Trustee without its written consent.

15.2 Retroactive Amendments.

An amendment under Section 13.1 may be made effective on a date prior to the first day of the Plan Year in which it is adopted only if otherwise permitted under Code Section 401(a).

15.3 Discontinuance or Termination of Plan.

- (A) It is the Employer’s expectation that the Plan contained herein and the payment of contributions hereunder will be continued indefinitely, and the Trust is irrevocable, but continuance of the Plan by the Employer is not assumed as a contractual obligation. The Employer reserves the right at any time to reduce or temporarily suspend contributions hereunder. The Employer may discontinue contributions under the Plan at any time by written notice delivered to the Trustee without any liability hereunder for any such discontinuance.
- (B) The Employer may terminate the Plan at any time by written notice delivered to the Trustee without any liability hereunder for any such termination.
- (C) If the Plan shall be terminated or partially terminated or the contributions of the Employer shall be completely discontinued, the rights of all affected Participants in their Accounts shall thereupon become one hundred percent (100%) vested and nonforfeitable notwithstanding any other provision of this Plan.
- (D) The Trustee shall, upon direction of the Administrator, with reasonable promptness, liquidate all assets remaining in the Trust. Upon the liquidation of all assets, the Administrator shall make, after deducting estimated expense for liquidation and distribution, value the assets as though the date of completion of liquidation was a Valuation Date of the Plan. Following these allocations, the Trustee shall promptly, after receipt of appropriate instructions from the Administrator, distribute all remaining assets in accordance with the provisions of the Plan to the Participants in such amounts as are credited to such Participants’ Accounts as of the date of completion of the liquidation.

15.4 Failure to Contribute.

The failure of the Employer to contribute to the Trust in any Plan Year when no contribution is required under the Plan shall not of itself be a discontinuance of contributions to the Trust by the Employer.

15.5 Merger and Consolidation of Plan, Transfer of Plan Assets.

In the case of any merger or consolidation with, or transfer of assets and liabilities to, any other plan, provisions shall be made so that each Participant in the Plan on the date thereof (if the Plan then terminated) would receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately prior to the merger, consolidation or transfer if the Plan then terminated.

15.6 Alienation.

- (A) Except as may be expressly provided in (B) below, none of the benefits, payments, proceeds or claims of any Participant, former Participant, or Beneficiary shall be subject to any claim or any creditor and, in particular, the same shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, either voluntary or involuntary. Any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, garnish, levy or otherwise dispose of or execute upon any right or benefit payable hereunder shall be void. The Trust shall not in any manner be liable or subject to the debts, contracts, liabilities, engagements or costs of any Participant entitled to benefits hereunder and such benefits shall not be considered an asset of the Participant in the event of ~~his~~their insolvency or bankruptcy.
- (B) The only exceptions to the provisions of (A) above shall be:
 - (i) Any Participant or former Participant who is receiving benefit payments hereunder may assign not more than ten percent (10%) of any such benefit payment or payments upon written notice to the Administrator and the Trustee of such assignment. Such written notice shall establish to the satisfaction of the Administrator and the Trustee that the assignment is both voluntary and revocable by the Participant or former Participant and that it is made for reasons other than defraying the administrative cost of the Plan; and
 - (ii) Actual payment, direction of payment or claim of payment to an Alternate Payee pursuant to a QDRO as defined in Code Section 414(p), or any domestic relations order entered before January 1, 1985.

ARTICLE XVI MISCELLANEOUS

16.1 Exclusive Benefit; Refund of Contributions.

- (A) All contributions made by the Employer are made for the exclusive benefit of the Participants and their Beneficiaries (including the costs of maintaining and administering the Plan and Trust). Notwithstanding the foregoing, amounts contributed to the Trust by the Employer may be refunded to the Employer, to the extent such refunds do not, in themselves, deprive the Plan of its qualified status, under the following circumstances and subject to the following limitations:

- (i) Mistake of Fact. In the case of a contribution which is made in whole or in part by reason of a mistake of fact (for example, incorrect information as to the eligibility or Compensation of a Participant, or a mathematical error), so much of such contribution as is attributable to the mistake of fact shall be returnable to Employer on demand, upon presentation of evidence of the mistake of fact to the Trustee and of calculations as to the impact of such mistake. Demand and repayment must be effectuated within one (1) year after the payment of the contribution to which the mistake applies.
 - (ii) Suspense Accounts. If the Plan terminates and any balance in any suspense account maintained hereunder cannot be allocated without exceeding the limitations of Code Section 415, the unallocated balance in such suspense account or accounts shall be returned to the Employer.
- (B) In the event that any refund is paid to the Employer hereunder, such refund shall be made without interest and shall be deducted from among the Accounts of the Participants as an investment loss except to the extent that the amount of the refund can be attributed to one or more specific Participants (as in the case of certain mistakes of fact, disallowances of Compensation resulting in a reduction of deductible contributions, etc.) in which case the amount of the refund attributable to each Participant's Account shall be deducted directly from such Account.
- (C) Notwithstanding any contrary provision of this Section no refund shall be made if solely on account of such refund, the Plan would cease to be a qualified plan pursuant to Code Section 401(a).

16.2 Nature of Participant's Interest.

The interest of a Participant in the Trust shall not be deemed to be in the assets of the Trust, but rather in a right to receive, in cash or in kind, from the Trustee the nonforfeitable or vested interest of the Participant in ~~his-their~~ Accounts, if any, and as determined by the Administrator in accordance with the terms of the Plan.

16.3 Employment Rights.

The Plan is not a contract of employment. Participation in the Plan shall not give any Employee or any other person:

- (A) the right to be retained in the employ of the Employer;
- (B) any right or claim to any interest in the Plan, unless the right or claim has specifically accrued under the Plan; or
- (C) any legal or equitable right against the Employer, the Administrator or the Trustee, except as provided herein.

It is a condition of the Plan, and each Participant expressly agrees by ~~his-their~~ participation herein, that each Participant shall look solely to the assets held in the Trust for the payment of any benefit to which he is entitled under the Plan.

16.4 Receipt or Release.

Any payment to a Participant, former Participant, or ~~his~~-~~their~~ Beneficiary in accordance with the provisions of this Plan shall, to the extent thereof, be in full satisfaction of all claims against the Trustee, the Administrator and the Employer, and the Administrator or Trustee may require such Participant, former Participant, or Beneficiary, as a condition precedent to such payment, to execute a receipt and release to such effect.

16.5 Controlling Law.

This Plan shall be construed, administered, and governed in all respects under applicable Federal law, and to the extent that Federal law is inapplicable, under the laws of the State of California; provided, however, that if any provision is susceptible of more than one interpretation, such interpretation shall be given thereto as is consistent with the Plan being a qualified plan within the meaning of Section 401(a) of the Code. As a government plan, it is exempt from the provisions of ERISA and from the reporting requirements of Form 5500.

16.6 Masculine, Feminine, Singular, Plural.

A pronoun or adjective in the masculine gender includes the feminine gender unless the context clearly indicates otherwise. Where the context admits, words in the plural shall include the singular and the singular shall include the plural.

16.7 Text Prevails Over Captions.

The headings and subheadings of the Articles and Sections of this Plan are included herein solely for convenience or reference, and if there be any conflict between such heading, and subdivisions and the text of this Plan, the text shall control.

16.8 Successors and Assigns.

This Plan shall inure to the benefit of, and be binding upon, the parties hereto and their successors and assigns.

16.9 Temporary CARES Act Provisions.

- (A) Coronavirus-Related Distributions. A COVID Qualifying Participant (as defined in subsection (C)) may elect to withdraw during the period beginning on January 1, 2020 and ending December 31, 2020, all or a portion of the vested amount in his or her Account provided that the total amount of such “Coronavirus-Related Distribution” (within the meaning of section 2202(a)(4)(A) of the CARES Act (as defined in subsection (C)) under the Plan and any other plan maintained by the Employer shall not exceed \$100,000.

A Participant who is eligible to make rollover contributions to the Plan under Section 9.2 and who has received a Coronavirus-Related Distribution from the Plan or any other plan or arrangement may, at any time during the three-year period beginning on the day after the date on which such Coronavirus-Related Distribution was received and to the extent permitted by section 2202(a)(3) of the CARES Act, make contributions to the Plan in an aggregate amount not to exceed the amount of such Coronavirus-Related Distribution. Such contributions shall be treated as

rollover contributions and shall be deemed to have been transferred to the Plan within 60 days of the date the Coronavirus-Related Distribution was received by the Participant.

The election by a COVID Qualifying Participant to withdraw or make a contribution of a Coronavirus-Related Distribution shall be made in accordance with any reasonable procedures adopted by the Employer (which may, for example, include limitations on the frequency of such withdrawals).

(B) CARES Act Loans. Notwithstanding anything in the Plan to the contrary:

(i) In the case of a COVID Qualifying Participant, a loan may be granted during the period beginning on March 27, 2020 and ending on September 22, 2020, in an amount that does not exceed (when added to the outstanding balance of all other loans to the Participant under the Plan and any other plan maintained by the Employer) the lesser of (1) 100% of the value of the vested portion of the Participant's Accounts and (2) \$100,000 reduced by the excess of the highest outstanding balance of the Participant's loans from the Plan during the one-year period ending on the date the loan is made over the balance of such loans on such date.

(ii) In accordance with section 2202(b)(2) of the CARES Act, in the case of a COVID Qualifying Participant, the due date of any payment otherwise scheduled to be made during the period from March 27, 2020 through December 31, 2020, shall be delayed for up to one year, in accordance with uniform and reasonable administrative procedures adopted by the Committee (and effective January 1, 2021 may be reflected in the Loan Policy), provided that any subsequent repayments shall be appropriately adjusted to reflect the delay in the due date and any interest accruing during such delay, and the term of the loan shall be determined by disregarding the period described in section 2202(b)(2)(A) of the CARES Act.

(C) Definitions.

(i) "CARES Act" means The Coronavirus Aid, Relief and Economic Security Act.

(ii) "COVID Qualifying Participant" means a Participant who (a) who is diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (COVID-19) by a test approved by the Centers for Disease Control and Prevention (including a test authorized under the Federal Food, Drug, and Cosmetic Act); (b) whose spouse or dependent (as defined in section 152 of the Code) is diagnosed with COVID-19 by such a test; or (c) who experiences adverse financial consequences as a result of (1) being quarantined, being furloughed or laid off, or having work hours reduced due to COVID-19, (2) being unable to work due to lack of child care due to COVID-19, (3) closing or reducing hours of a business owned or operated by the individual due to COVID-19, (4) having a reduction in pay (or self-employment income) due to COVID-19, (5) having a job offer rescinded or start date for a job delayed due to COVID-19; (6) the Participant's spouse or a member of the Participant's household (as defined below) experiencing any of the events listed in (1) – (6) above; or (7) other factors as determined by the Secretary of the Treasury (or the Secretary's delegate). For purposes of this section, an individual is a member of the Participant's household if the individual shares the Participant's principal residence. To the extent permitted

under applicable law, the Employer may rely on a Participant's certification that he or she satisfies the conditions of the preceding sentence.

**ARTICLE XVII
EXECUTION**

To record the adoption of this Restatement of the Plan, the Employer has caused this Plan to be executed on this ___ day of ~~January, 2016~~December, 2020.

EMPLOYER:

EL TORO WATER DISTRICT

By: _____

Title: _____

EL TORO WATER DISTRICT
FINANCIAL REPORT
December 14, 2020

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**EL TORO WATER DISTRICT
BALANCE SHEET**

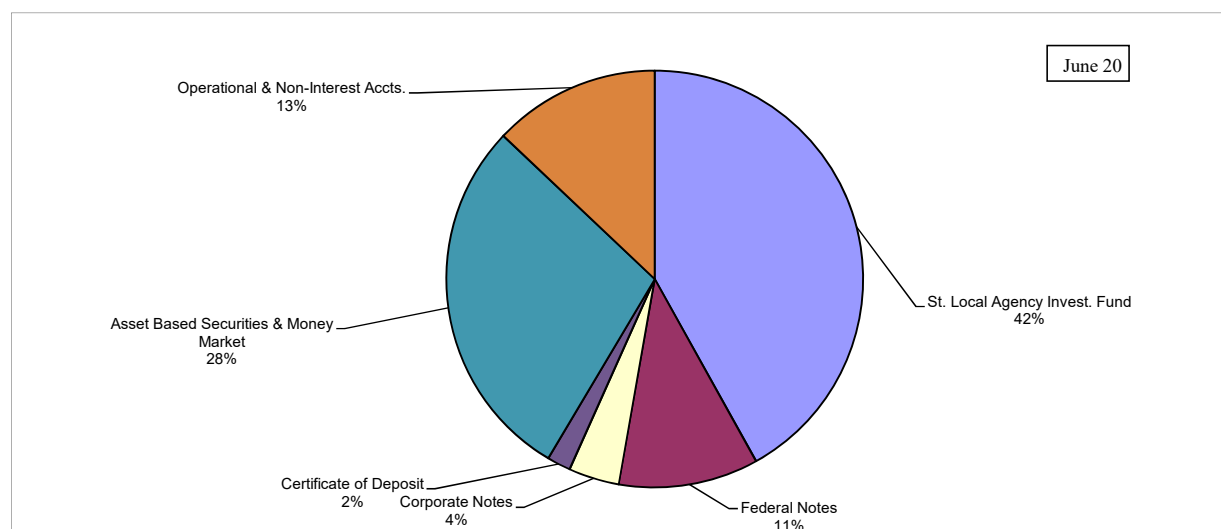
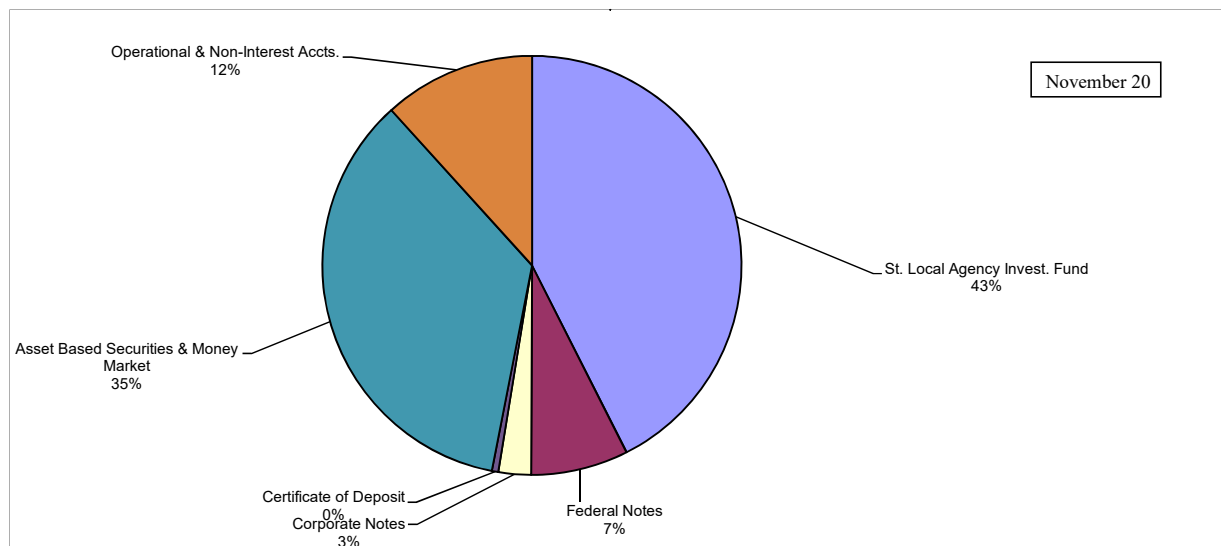
	11/30/20 (Unaudited)	June 30, 2020 (Unaudited)
ASSETS		
Current Assets		
Cash	\$2,439,676	\$2,717,028
Investments:		
Investments Cash	7,768,753	7,724,881
Investments FMV Adjustment	70,943	122,443
Receivables:		
Accounts Receivable	3,498,820	2,666,116
Inventories	687,246	629,459
Prepaid Expenses	526,694	166,971
Total Current Assets	\$14,992,130	14,026,898
Restricted Assets		
Cash & Investments	10,604,948	10,562,058
Total Restricted Assets	10,604,948	10,562,058
Non-Current Assets		
Utility Plant:		
Land & Easements	7,451,585	7,451,585
Long Term Leases	342,382	342,382
Equipment	122,012,488	115,192,376
Collection & Impound Reservoirs	6,243,706	6,243,706
Structure & Improvements	34,889,919	34,871,067
Total Utility Plant	170,940,082	164,101,118
Less Accumulated Depreciation & Amortization	(81,626,332)	(79,719,396)
Net Utility Plant	89,313,750	84,381,722
Construction Work in Progress	1,857,964	7,259,007
Deffered Outflow OPEB	3,634,674	3,337,168
Total Non-current Assets	94,806,388	94,977,897
TOTAL ASSETS	\$120,403,466	\$119,566,853

**EL TORO WATER DISTRICT
BALANCE SHEET**

	11/30/20 (Unaudited)	June 30, 2020 (Unaudited)
LIABILITIES and EQUITY		
Liabilities		
Current Liabilities Payable		
Accounts Payable	\$1,527,790	\$1,855,614
Current Portion of Long-Term Debt	1,858,352	6,180
Other Current Liabilities	2,893,776	1,770,803
Total Current Liabilities Payable		
From Current Assets	6,279,918	3,632,597
Long Term Debt		
Long Term Debt	50,591,444	51,149,798
Total Long Term Debt	50,591,444	51,149,798
Total Liabilities	56,871,362	54,782,395
Fund Equity		
Retained Earnings - Reserved	17,034,893	17,034,893
Contributed Capital	8,744,767	8,744,767
Retained Earnings - Unreserved	36,959,626	38,773,389
Net Income	792,818	231,408
Total Fund Equity	63,532,104	64,784,457
Total Liabilites & Fund Equity	\$120,403,466	\$119,566,853

CASH & INVESTMENTS (General Fund)
SUMMARY OF INVESTMENTS BY TYPE

	Maturity Dates	Par	Market Value 11/30/20	Financial Institution	YTM 11/30/20	Original Cost 11/30/20
State Local Agency Investment Fund	NA	NA	\$8,855,163	LAIF	0.58%	\$8,855,163
US Treasury N/B - Coupon Rate 1.750%	12/31/2020	340,000	340,425	US Bank/CAMP	1.90%	338,513
US Treasury N/B - Coupon Rate 1.375%	1/31/2021	50,000	50,102	US Bank/CAMP	2.05%	49,006
US Treasury N/B - Coupon Rate 1.125%	2/28/2021	150,000	150,375	US Bank/CAMP	2.41%	144,428
US Treasury N/B - Coupon Rate 2.000%	5/31/2021	490,000	494,594	US Bank/CAMP	2.62%	481,272
Intl Finance Note - Coupon Rate 2.250%	1/25/2021	70,000	70,100	US Bank/CAMP	2.35%	69,794
Intl Finance Corporation Note - Coupon Rate 2.635%	3/9/2021	90,000	90,580	US Bank/CAMP	2.66%	89,933
Inter-American Dev Bank Note - Coupon Rate 1.875%	3/15/2021	200,000	200,954	US Bank/CAMP	2.56%	196,046
Inter-American Dev Bank Note - Coupon Rate 2.625%	4/19/2021	70,000	70,641	US Bank/CAMP	2.70%	69,846
CA ST TXBL GO Bonds- Coupon Rate 2.800%	4/1/2021	100,000	100,797	US Bank/CAMP	2.80%	100,004
FNA 2018-M5 A2- Coupon Rate 3.560%	9/1/2021	25,571	25,628	US Bank/CAMP	2.93%	26,080
Federal Notes		1,585,571	1,594,196	-		1,564,920
VISA Inc. (Callable) Corp Notes - Coupon Rate 2.200%	12/14/2020	20,000	20,014	US Bank/CAMP	1.85%	20,220
Wal-Mart Stores Inc. Corp. Note - Coupon Rate 1.900%	12/15/2020	90,000	90,057	US Bank/CAMP	1.95%	89,870
Paccar Financial Corp Notes - Coupon Rate 2.800%	3/1/2021	30,000	30,188	US Bank/CAMP	2.82%	29,985
National Rural Util Coop - Coupon Rate 2.900%	3/15/2021	35,000	35,266	US Bank/CAMP	2.94%	34,961
United Parcel Service Corporate Bond - Coupon Rate 2.050%	4/1/2021	90,000	90,552	US Bank/CAMP	2.10%	89,858
Toyota Motor Credit Corp Notes - Coupon Rate 2.950%	4/13/2021	90,000	90,882	US Bank/CAMP	2.96%	89,964
Pepsico Inc. Corp. Note - Coupon Rate 2.000%	4/15/2021	30,000	30,154	US Bank/CAMP	2.01%	29,994
Hershey Company Corp. Note - Coupon Rate 3.100%	5/15/2021	40,000	40,504	US Bank/CAMP	3.12%	39,972
American Express Co. - Coupon Rate 3.375%	5/17/2021	45,000	45,547	US Bank/CAMP	3.38%	44,992
Charles Schwab Corp. Corp. Notes - Coupon Rate 3.250%	5/21/2021	55,000	55,618	US Bank/CAMP	3.25%	54,998
Corporate Notes		525,000	528,782			524,815
Royal Bank of Canada NY CD- Coupon Rate 3.240%	6/7/2021	100,000	101,625	US Bank/CAMP	3.24%	100,000
Certificate of Deposit		100,000	101,625			100,000
Honda ABS 2017-2 A3 - Coupon Rate 1.680%	8/15/2021	75	75	US Bank/CAMP	1.68%	75
Hyundai ABS 2017-B A3 - Coupon Rate 1.770%	1/18/2022	1,603	1,604	US Bank/CAMP	1.77%	1,602
Allya 2017-5 A3 - Coupon Rate 1.990%	3/15/2022	3,859	3,861	US Bank/CAMP	1.99%	3,859
Fordo 2017-C A3 - Coupon Rate 2.010%	3/15/2022	11,220	11,233	US Bank/CAMP	2.01%	11,218
JDOT 2018-A A3 - Coupon Rate 2.660%	4/15/2022	3,287	3,300	US Bank/CAMP	2.66%	3,287
Hart 2018-A A3 - Coupon Rate 2.790%	7/15/2022	14,584	14,703	US Bank/CAMP	2.79%	14,582
MBart 2018-1 A3 - Coupon Rate 3.030%	1/15/2023	28,679	29,016	US Bank/CAMP	3.03%	28,678
CAMP Money Market Fund	NA	NA	7,265,306	US Bank/CAMP	0.14%	7,265,306
Asset Based Securities & Money Market		63,307	7,329,097			7,328,607
Total Camp Investments		2,273,878	9,553,699			9,518,342
Operational & Non-Interest Bearing Accounts						
ETWD General Cash Account	NA	NA	2,436,081	Union Bank of Cal.	0.00%	2,436,081
ETWD Capital Facilities Reserve Account	NA	NA	2,895	Union Bank of Cal.	0.00%	2,895
ETWD Payroll Account	NA	NA	0	Union Bank of Cal.	0.00%	0
ETWD Petty Cash Account	NA	NA	700	Union Bank of Cal.	0.00%	700
Operational & Non-Interest Accts.			2,439,676			2,439,676
			\$20,848,538	Total Investments & Cash		\$20,813,181



LIQUIDITY

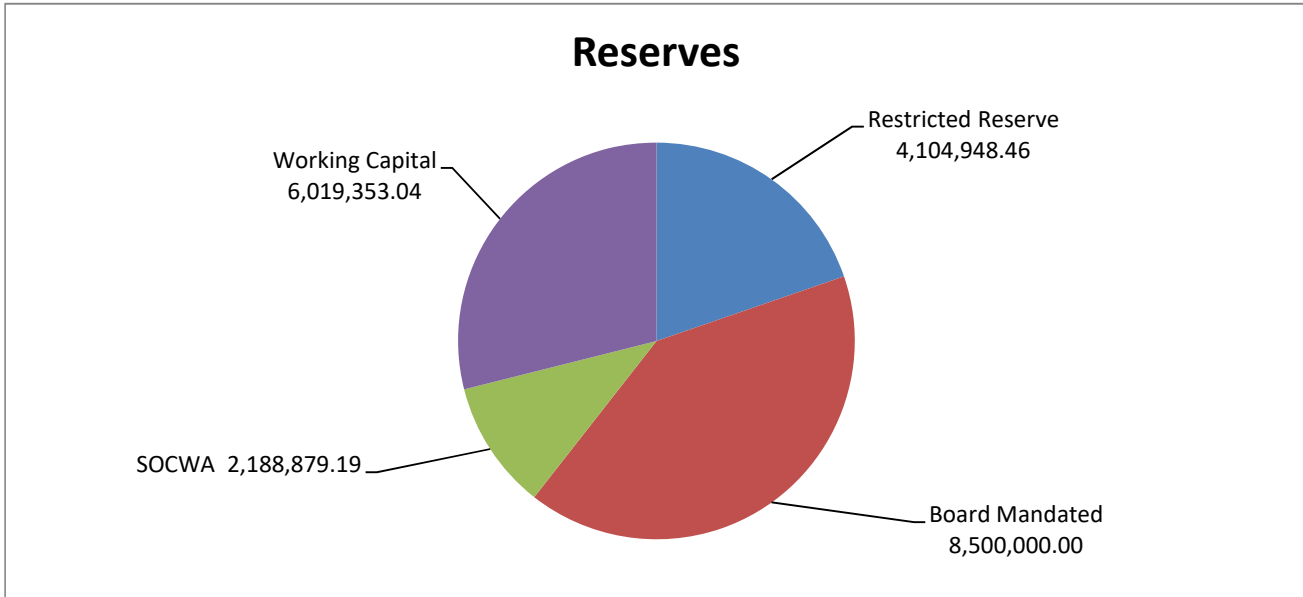
	November 30, 2020		June 30, 2020	
	\$	%	\$	%
DEMAND	\$ 18,560,144	89.17%	\$ 17,297,570	82.35%
30 Days	\$ 110,090	0.53%	\$ -	0.00%
31-180 Days	\$ 1,472,294	7.07%	\$ 1,310,976	6.24%
181 - 360	\$ 607,427	2.92%	\$ 2,053,566	9.78%
361-1800 Days	\$ 63,226	0.30%	\$ 341,855	1.63%
TOTAL	\$ 20,813,181	100.00%	\$ 21,003,967	100.00%

* The portfolio is in compliance with the investment policy.

** PFM Investment Advisory Services (10bp on first \$25 mm, 8bp over)

\$ 480.91 for January 2020

**EL TORO WATER DISTRICT
RESERVE ANALYSIS
30-Nov-20**



Restricted Reserve	\$	4,104,948
Board Mandated	\$	8,500,000
SOCWA	\$	2,188,879
Capital Cash Flow / Compliance	\$	6,019,353
Total	\$	20,813,181

Restricted Reserve

SRFL-Recycled Phase I	\$	1,602,958
SRFL-Recycled Phase II	\$	409,046
Capital Facilities Reserve	\$	2,895
Tiered Cons Fund	\$	1,155,018
Baker Funding	\$	935,032
Total	\$	4,104,948

Board Mandated Minimum Reserve Levels

Capital Construction	\$	3,000,000
Rate Stabilization	\$	2,200,000
Operations	\$	1,300,000
Working Capital	\$	2,000,000
Total	\$	8,500,000

Six months operating expense requirement: \$12,800,791

Cash less restricted reserve on hand: \$16,708,232

ETWD has the ability to meet its expenditure requirements for the next six months.

EL TORO WATER DISTRICT CHANGE IN RESERVES

	<u>November 30, 2020</u>	<u>Year to Date</u>	<u>June 30, 2020</u>
Operating Revenue	1,964,374	11,614,316	24,886,981
Non-operating Revenue	153,305	734,781	2,057,794
Total Revenue	<u>2,117,679</u>	<u>12,349,098</u>	<u>26,944,775</u>
Operating Expenses	1,611,256	9,446,732	22,155,519
Depreciation & Amortization	358,855	1,794,277	4,483,605
Non-operating Expenses	63,054	315,270	777,511
Total Expenses	<u>2,033,166</u>	<u>11,556,279</u>	<u>27,416,636</u>
NET INCOME	84,513	792,818	(471,860)
Add Depreciation & Amortization	358,855	1,794,277	4,483,605
Net Cash Provided by Operating Activities	932,763	(1,461,356)	2,476,850
Net Cash Provided by Investing Activities	(213,442)	(1,528,453)	(1,447,543)
Net Cash Provided by Financing Activities	-	-	(2,197,763)
Net Increase/(Decrease) Cash for the Period	<u>1,162,690</u>	<u>(402,713)</u>	<u>2,843,288</u>
Cash at End of Period from Balance Sheet		10,279,371	
Restricted Cash		10,604,948	
Unrealized (Gains)/Losses Fair Market Value		<u>(70,943)</u>	
Cash at End of Period		20,813,377	
Net (Increase)/Decrease Cash for the Period		(1,162,690)	
Net (Increase)/Decrease in Restricted Cash for the Period		(145,811)	
Net Increase/(Decrease) in Unrealized Gains/(Losses) Fair Market Value		(3,676)	
Void Checks in Prior Period			
Cash at Beginning of Period		<u>19,501,200</u>	

EL TORO WATER DISTRICT
Cash Sheet
For the month ending November 30, 2020

CHECK NUMBER	PAYMENT DATE	VENDOR NAME	PAYMENT AMOUNT
89675	11/05/2020	MUNICIPAL WATER DISTRICT OF ORANGE CO.	608,396.26
89692	11/09/2020	PAULUS ENGINEERING, INC.	218,318.55
89731	11/19/2020	ACWA HEALTH BENEFITS AUTHORITY	119,541.76
89729	11/12/2020	J.R. FILANC CONSTRUCTION CO., INC.	105,545.00
89754	11/19/2020	MOULTON NIGUEL WATER DISTRICT	82,682.60
89712	11/12/2020	QUINN POWER SYSTEMS	61,198.61
TOTAL CHECKS OVER \$50,000			\$ 1,195,682.78
TOTAL CHECKS IN REGISTER			\$ 1,419,832.19

DEBIT TRANSFERS

11/06/2020	PAYROLL DIRECT DEPOSIT	139,003.60
11/06/2020	FEDERAL DEPOSIT LIABILITY	32,870.14
11/06/2020	SDI & STATE TAX	12,289.88
11/06/2020	WAGE GARNISHMENTS	585.00
11/06/2020	PRUDENTIAL (401K)	57,003.96
11/06/2020	PRUDENTIAL (457)	18,014.37
11/13/2020	PAYROLL BOARD OF DIRECTOR	5,114.67
11/13/2020	SS, MEDICARE, SDI & STATE TAX	1,510.96
11/13/2020	PRUDENTIAL (457)	2,705.74
11/20/2020	PAYROLL DIRECT DEPOSIT	140,486.51
11/20/2020	FEDERAL DEPOSIT LIABILITY	29,950.02
11/20/2020	SDI & STATE TAX	11,211.18
11/20/2020	WAGE GARNISHMENTS	585.00
11/20/2020	PRUDENTIAL (401K)	50,718.92
11/20/2020	PRUDENTIAL (457)	14,583.47
11/30/2020	ADP AND BANK FEES	5,051.59
TOTAL INTERBANK WIRES / DEBIT TRANSFERS		\$ 521,685.01

TOTAL DISBURSEMENTS \$ 1,941,517.20

ETWD EMPLOYEES

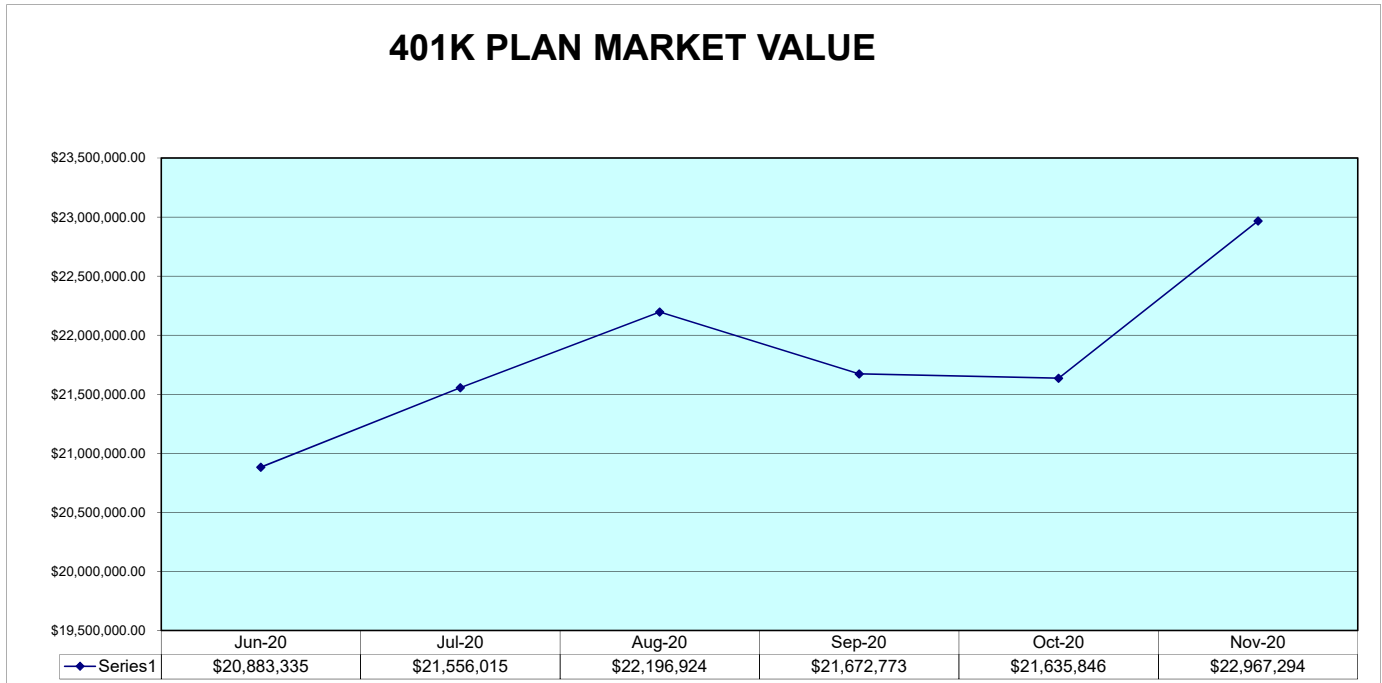
CHECK NUMBER	PAYMENT DATE	PAYEE (DESCRIPTION)	PAYMENT AMOUNT
89713	11/12/2020	RICK BROWN	200.00
89714	11/12/2020	ROBERT YOUNG	115.00
89742	11/19/2020	DANIEL LOPEZ	60.00
TOTAL CHECKS TO EMPLOYEES			\$ 375.00

ETWD DIRECTORS

CHECK NUMBER	PAYMENT DATE	PAYEE (DESCRIPTION)	PAYMENT AMOUNT
No Activity			
TOTAL CHECKS TO DIRECTORS			\$ -

**EL TORO WATER DISTRICT
401K PLAN SUMMARY**

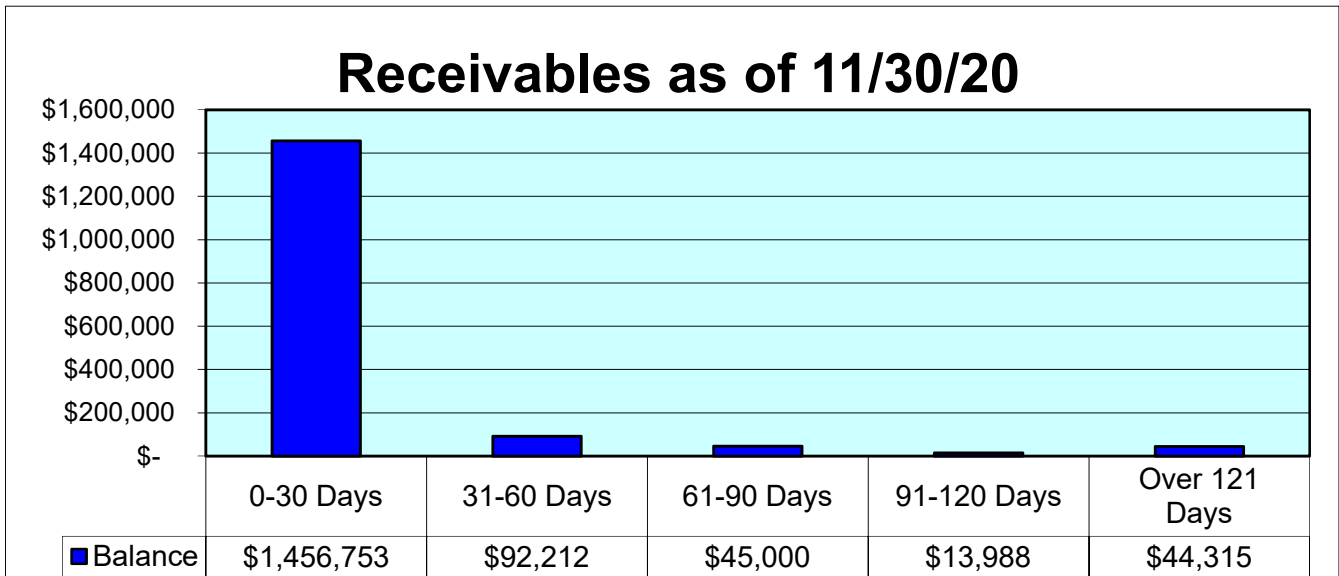
401K PLAN MARKET VALUE



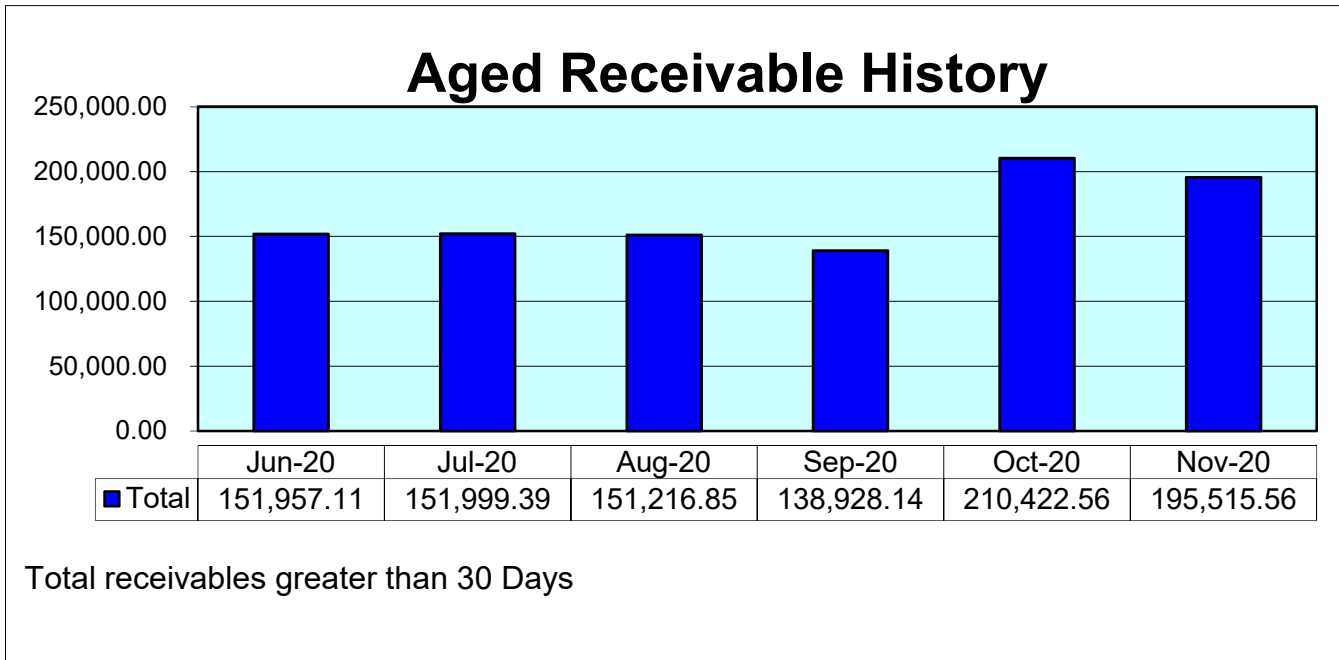
MARKET VALUE SUMMARY							
	Growth Under 40 yrs. Old	Capital Appreciation 40 to 44 yrs. Old	Balanced 45 to 49 yrs. Old	Balanced Income 50 to 54 yrs. Old	Income & Growth 55 to 59 yrs. Old	Income 60 to 64 yrs. Old	Capital Pres. Port Over 65 yrs. Old
Balance at July 1, 2020	\$ 1,792,144.51	\$515,185.81	\$1,342,947.76	\$5,031,746.61	\$7,076,815.63	\$4,137,005.60	\$987,489.23
Contributions	137,851.95	24,118.38	37,179.52	84,234.81	103,150.65	162,281.61	45,109.56
Withdrawals	0.00	0.00	0.00	0.00	(204,244.03)	(562,107.97)	(332,051.29)
Transfers	(233,311.03)	121,616.52	(791,692.87)	(307,035.64)	(242,151.66)	763,611.10	688,963.58
Interest, dividends and appreciation net of fees and charges	315,390.35	112,678.05	112,336.57	680,402.60	839,889.38	442,057.49	85,681.20
Balance at November 30, 2020	\$ 2,012,075.78	\$773,598.76	\$700,770.98	\$5,489,348.38	\$7,573,459.97	\$4,942,847.83	\$1,475,192.28
Average return YTD November 30, 2020	17.60%	21.87%	8.36%	13.52%	11.87%	10.69%	8.68%

Average return is calculated by dividing the interest, dividends and appreciation, net of fees by beginning fiscal year fund balance.

RECEIVABLES AGEING



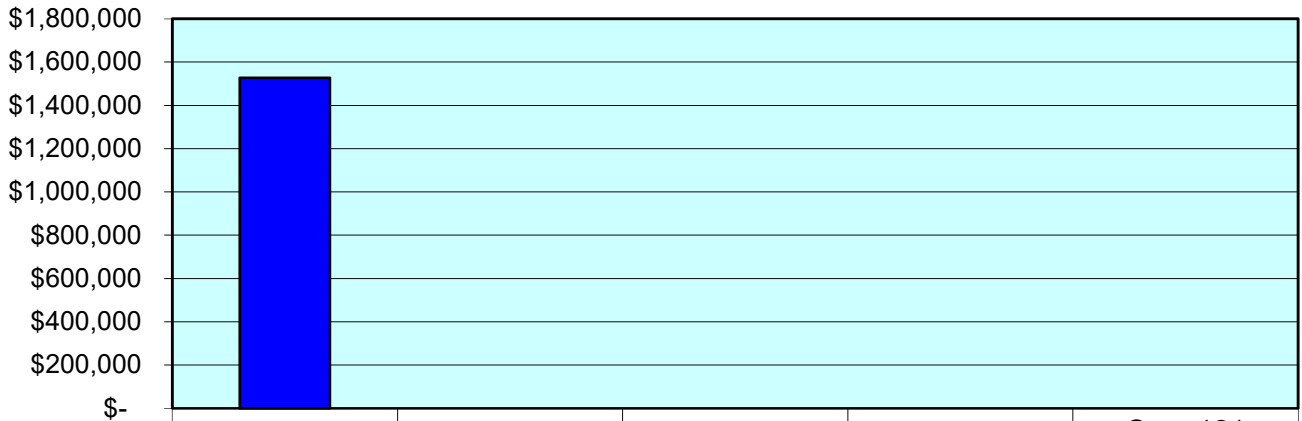
Bad Debts Year to Date: 4,720.06



	31-60 Days	61-90 Days	91-120 Days	Over 121 Days	Total
Jun-20	89,567.35	22,697.27	13,295.37	26,397.12	151,957.11
Jul-20	89,673.98	20,626.01	11,946.76	29,752.64	151,999.39
Aug-20	88,494.50	19,594.80	11,174.89	31,952.66	151,216.85
Sep-20	78,337.29	22,581.64	10,542.33	27,466.88	138,928.14
Oct-20	126,229.71	27,177.91	13,996.61	43,018.33	210,422.56
Nov-20	92,212.30	44,999.88	13,988.16	44,315.22	195,515.56

PAYABLES AGEING

Accounts Payable as of 11/30/20



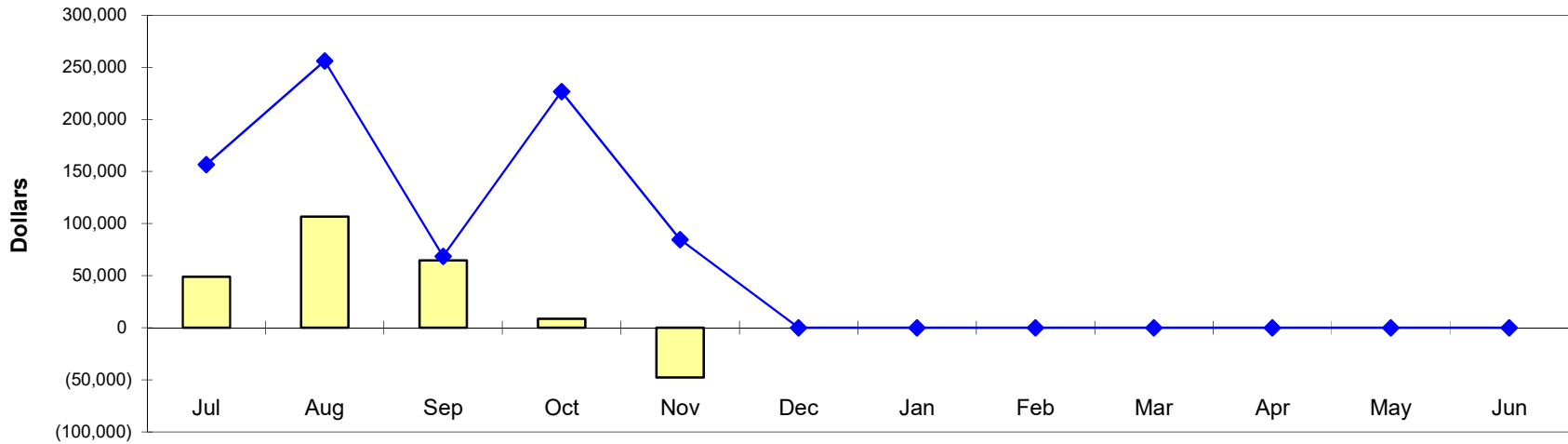
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	Over 121 Days
■ Balance	\$1,527,790				

Year to Date Discounts Taken: \$356

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EI Toro Water District
Income Statement
November 2020

	Nov 20	Budget	% of Budget	Jul - Nov 19	Jul - Nov 20	YTD Budget	% of Budget	Annual Budget
Income								
4600 · Water Service Charge	322,180.88	318,682.25	101.1%	1,505,975.70	1,540,249.87	1,593,411.25	96.66%	3,824,187.00
4700 · Sanitary Service	640,017.20	647,916.67	98.78%	3,273,400.90	3,219,756.09	3,239,583.31	99.39%	7,775,000.00
4722 · Recycled Water Tertiary Sales	92,650.04	161,044.45	57.53%	852,082.50	962,164.18	1,048,410.63	91.77%	1,663,847.00
4724 · Service Charge - Recycled Water	26,719.44	28,017.25	95.37%	102,453.94	117,969.34	140,086.25	84.21%	336,207.00
4750 · Capital Facilities Charge	250,393.05	251,250.00	99.66%	1,252,713.43	1,252,422.50	1,256,250.00	99.7%	3,015,000.00
4800 · Commodity Charge	630,351.24	710,417.16	88.73%	4,470,670.70	4,503,362.88	4,487,105.46	100.36%	8,904,396.00
4950 · Other Operating Income	2,062.03	4,583.33	44.99%	25,095.38	7,391.47	22,916.69	32.25%	55,000.00
4960 · Other Income	51,713.77	45,104.17	114.65%	234,645.98	249,130.86	225,520.81	110.47%	541,250.00
4967 · SMWD	0.00	9,333.33	0.0%	0.00	0.00	46,666.69	0.0%	112,000.00
4970 · MNWD	0.00	1,958.34	0.0%	11,000.00	11,000.00	9,791.62	112.34%	23,500.00
4980 · Interest Income	14,991.10	29,166.67	51.4%	166,250.15	66,884.96	145,833.31	45.86%	350,000.00
4985 · Changes FMV CAMP	-3,675.94			10,137.80	-21,685.28			
4986 · Changes FMV LAIF	0.00			1,953.79	-6,818.73			
4990 · Property Taxes	90,276.15	87,791.67	102.83%	393,102.68	447,269.45	438,958.31	101.89%	1,053,500.00
Total Income	2,117,678.96	2,295,265.29	92.26%	12,299,482.95	12,349,097.59	12,654,534.33	97.59%	27,653,887.00
Gross Profit	2,117,678.96	2,295,265.29	92.26%	12,299,482.95	12,349,097.59	12,654,534.33	97.59%	27,653,887.00
Expense								
5100 · Personnel Cost	624,615.61	715,783.08	87.26%	3,262,427.68	3,289,969.39	3,578,915.44	91.93%	8,589,397.00
5405 · Water Purchases	553,450.28	630,926.38	87.72%	3,671,355.74	3,636,913.41	3,912,794.99	92.95%	7,878,746.00
5410 · Electrical Power	72,980.02	93,616.65	77.96%	505,058.45	574,193.15	468,083.45	122.67%	1,123,400.00
5415 · Repair Parts & Materials	17,956.95	33,823.74	53.09%	140,478.91	120,844.69	169,118.82	71.46%	405,885.00
5420 · Equipment Maintenance & Repair	6,509.27	10,285.82	63.28%	50,370.71	46,829.85	51,429.26	91.06%	123,430.00
5425 · Pump Maintenance & Repair	0.00	8,291.67	0.0%	35,152.73	30,891.56	41,458.31	74.51%	99,500.00
5430 · Motor Maintenance & Repair	0.00	2,791.66	0.0%	8,730.77	1,184.95	13,958.38	8.49%	33,500.00
5440 · Electrical/Contl Maint & Repair	24,723.90	6,633.34	372.72%	12,793.60	33,698.08	33,166.62	101.6%	79,600.00
5445 · Meter Maintenance & Repair	0.00	487.50	0.0%	460.00	1,672.52	2,437.50	68.62%	5,850.00
5455 · Chemicals	35,634.22	18,225.01	195.52%	100,449.94	110,139.99	91,124.93	120.87%	218,700.00
5460 · Structure Maint & Repair	3,657.70	2,694.25	135.76%	9,883.11	18,899.06	13,471.25	140.29%	32,331.00
5465 · Asphalt Maintenance & Repair	0.00	6,916.67	0.0%	36,473.00	6,160.00	34,583.31	17.81%	83,000.00
5470 · Consultants	105.70	4,695.83	2.25%	23,564.42	10,367.10	23,479.19	44.15%	56,350.00
5475 · Contractors	84,840.99	97,997.16	86.58%	442,421.11	501,183.25	489,985.88	102.29%	1,175,966.00
5480 · Engineers	1,916.62	11,583.33	16.55%	45,786.15	94,585.02	57,916.69	163.31%	139,000.00
5482 · Dump Fees	0.00	1,500.00	0.0%	4,370.40	7,497.82	7,500.00	99.97%	18,000.00
5485 · Laboratory	0.00	2,408.33	0.0%	13,902.86	8,482.65	12,041.69	70.44%	28,900.00
5490 · License & Permits	11,786.39	15,025.50	78.44%	56,276.07	34,407.89	75,127.50	45.8%	180,306.00
5495 · Gas & Oil	6,312.88	8,750.00	72.15%	47,877.66	38,935.98	43,750.00	89.0%	105,000.00
5500 · Equipment Rental	1,483.62	1,675.00	88.57%	6,041.62	8,156.69	8,375.00	97.39%	20,100.00
5505 · Landscaping	4,608.88	13,669.85	33.72%	37,469.30	28,608.34	68,349.05	41.86%	164,038.00
5510 · Small Tools & Equipment	1,587.52	5,583.35	28.43%	32,773.88	24,146.45	27,916.55	86.5%	67,000.00
5515 · Security	0.00	1,587.94	0.0%	6,387.22	6,397.52	7,939.42	80.58%	19,055.00
5520 · Operating Supplies	8,091.37	4,688.33	172.59%	21,938.42	34,093.56	23,441.69	145.44%	56,260.00
5525 · Safety Equipment	0.00	2,999.99	0.0%	6,034.17	8,485.22	15,000.07	56.57%	36,000.00
5530 · Temporary Help	0.00	2,291.67	0.0%	0.00	0.00	11,458.31	0.0%	27,500.00
5535 · Other Employee Cost	20,352.53	9,250.00	220.03%	53,461.98	97,031.14	46,250.00	209.8%	111,000.00
5540 · Depreciation	358,285.00	408,333.33	87.74%	1,818,375.00	1,791,425.00	2,041,666.69	87.74%	4,900,000.00
5545 · Insurance	27,410.69	25,981.08	105.5%	219,677.84	131,210.31	129,905.44	101.0%	311,773.00
5548 · Retiree Medical Insurance	23,269.15	24,553.75	94.77%	0.00	111,698.39	122,768.75	90.98%	294,645.00
5555 · Advertising & Publicity	0.00	166.67	0.0%	560.00	6,200.00	833.31	744.02%	2,000.00
5560 · Amortization	570.49	570.83	99.94%	2,852.45	2,852.45	2,854.19	99.94%	6,850.00
5570 · Annual Event	0.00	500.00	0.0%	0.00	0.00	2,500.00	0.0%	6,000.00
5575 · Audit	0.00	2,141.67	0.0%	22,500.00	20,700.00	10,708.31	193.31%	25,700.00
5580 · Bad Debts	4,972.72	1,666.67	298.36%	4,091.09	4,720.06	8,333.31	56.64%	20,000.00
5585 · Bank Charges	5,051.59	5,250.00	96.22%	24,427.99	25,344.72	26,250.00	96.55%	63,000.00
5590 · Data Processing Supply & Access	1,338.32	2,083.34	64.24%	11,236.63	9,772.41	10,416.62	93.82%	25,000.00
5595 · Data Processing Equipment	1,245.16	2,500.00	49.81%	13,089.05	9,706.02	12,500.00	77.65%	30,000.00
5600 · Data Processing Consultants	0.00	3,333.33	0.0%	19,757.75	1,800.00	16,666.69	10.8%	40,000.00
5605 · Directors Fees	9,198.00	10,000.00	91.98%	47,204.00	51,684.00	50,000.00	103.37%	120,000.00
5610 · Dues & Memberships	7,796.34	7,278.33	107.12%	34,840.66	33,074.74	36,391.69	90.89%	87,340.00
5615 · Education & Training	175.00	2,833.33	6.18%	15,694.79	3,443.60	14,166.69	24.31%	34,000.00
5620 · Election Expense	0.00	2,916.67	0.0%	0.00	0.00	14,583.31	0.0%	35,000.00
5625 · Employee Service Awards	300.00	341.67	87.8%	1,628.93	2,850.00	1,708.31	166.83%	4,100.00
5630 · Software Maintenance & Licenses	10,404.26	13,416.67	77.55%	47,185.76	54,117.99	67,083.31	80.67%	161,000.00
5640 · Interest Expense	63,054.00	63,054.08	100.0%	328,108.10	315,270.00	315,270.44	100.0%	756,649.00
5645 · Janitorial	6,679.75	3,133.33	213.18%	15,282.75	33,178.75	15,666.69	211.78%	37,600.00
5650 · Legal	9,676.77	8,941.66	108.22%	50,960.44	54,517.34	44,708.38	121.94%	107,300.00
5655 · Meets, Conventions & Travel	3,866.21	3,250.00	118.96%	19,694.43	4,710.28	16,250.00	28.99%	39,000.00
5657 · Meets, Con & Travel - Directors	1,900.00	3,541.65	53.65%	9,253.20	3,073.00	17,708.45	17.35%	42,500.00
5660 · Office Supplies	259.55	1,650.00	15.73%	9,135.04	8,383.04	8,250.00	101.61%	19,800.00
5670 · Postage	186.23	1,708.33	10.9%	725.46	3,737.20	8,541.69	43.75%	20,500.00
5675 · Printing & Reproduction	657.06	1,550.00	42.39%	5,034.50	4,651.90	7,750.00	60.03%	18,600.00
5680 · Property Tax	439.00	716.67	61.26%	2,939.70	483.55	3,583.31	13.5%	8,600.00
5685 · Public Education & Outreach	4,159.65	15,391.67	27.03%	32,309.30	42,371.39	76,958.31	55.06%	184,700.00
5690 · Publications & Subscriptions	0.00	250.00	0.0%	99.99	0.00	1,250.00	0.0%	3,000.00
5695 · Communications	10,112.12	9,583.33	105.52%	42,228.16	45,207.22	47,916.69	94.35%	115,000.00
5700 · Utilities	1,544.33	2,275.84	67.86%	7,241.80	6,320.68	11,379.12	55.55%	27,310.00
Total Expense	2,033,165.84	2,343,095.95	86.77%	11,438,074.71	11,556,279.32	12,473,643.00	92.65%	28,424,781.00
Net Income	84,513.12	-47,830.66	-176.69%	861,408.24	792,818.27	180,891.33	438.28%	-770,894.00

ANALYSIS OF REVENUE & EXPENSE
Fiscal Year 2020/2021

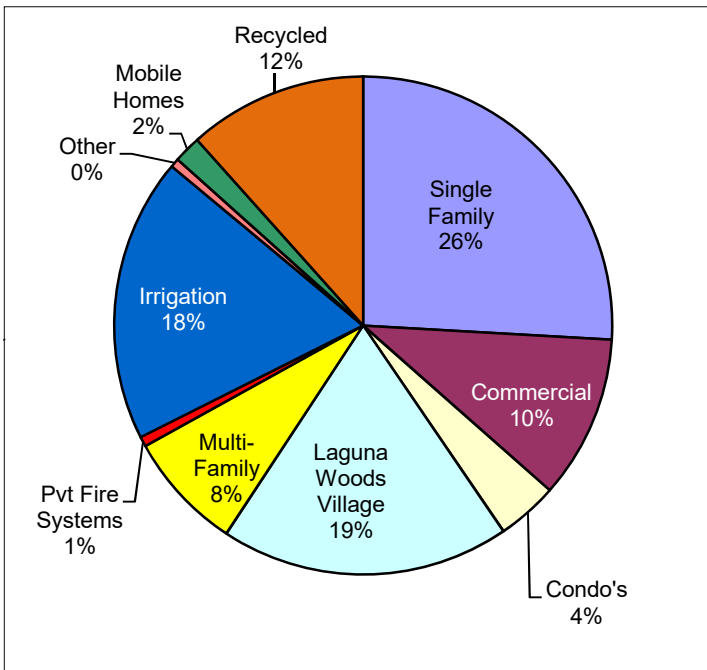
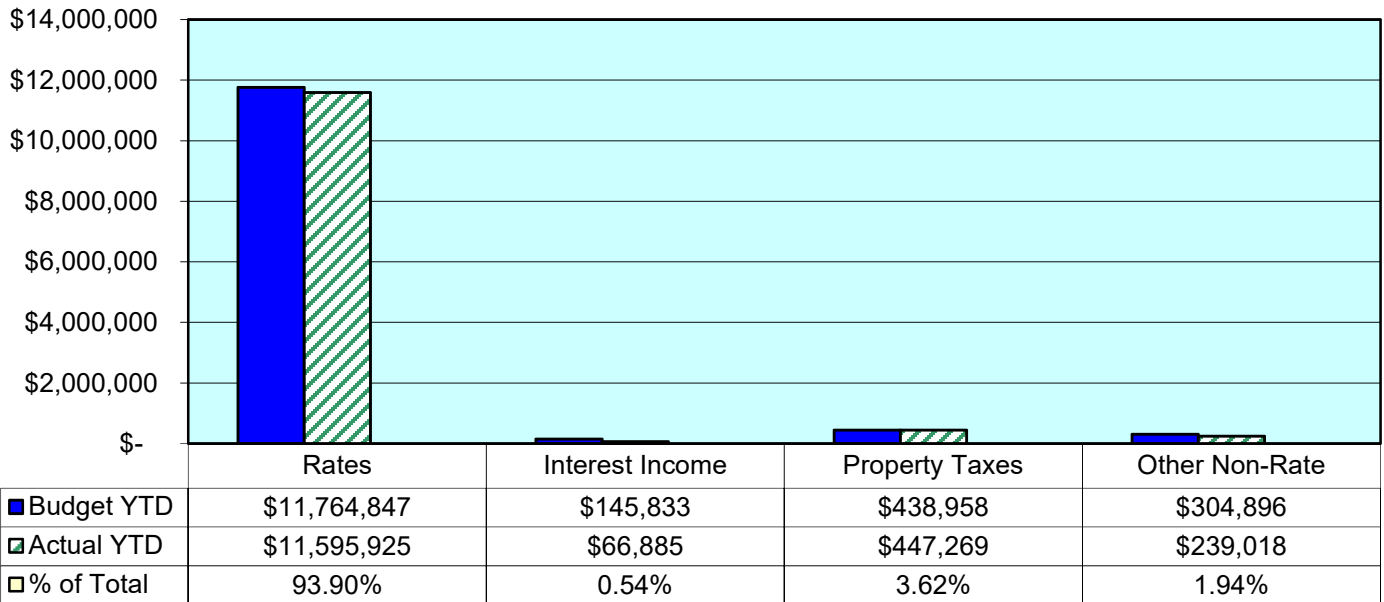


ANALYSIS OF REVENUES & EXPENSES
BUDGET COMPARED TO ACTUAL
FISCAL YEAR 2020/2021

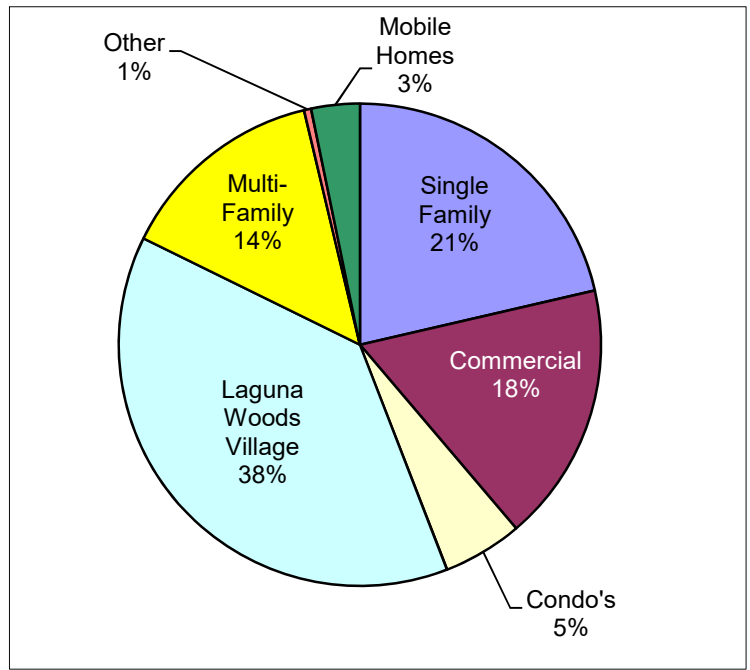
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Budget												
Revenue	2,578,232	2,738,760	2,504,281	2,537,996	2,295,265							
Expense	2,529,347	2,632,043	2,439,655	2,529,502	2,343,096							
Profit/Loss	48,886	106,717	64,626	8,494	(47,831)	0	0	0	0	0	0	0
Actual												
Revenue	2,594,130	2,609,535	2,482,538	2,545,216	2,117,679							
Expense	2,437,346	2,353,227	2,414,001	2,318,539	2,033,166							
Profit/Loss	156,784	256,308	68,536	226,677	84,513	0	0	0	0	0	0	0

EL TORO WATER DISTRICT REVENUES FROM WATER & WASTE WATER SALES AS OF 11/30/20

Where the Money Comes From



WATER REVENUE YTD 2020/2021



WASTE WATER REVENUE YTD 2020/2021

**EL TORO WATER DISTRICT
REVENUE COMPARISON
For the Month Ended November 30, 2020**

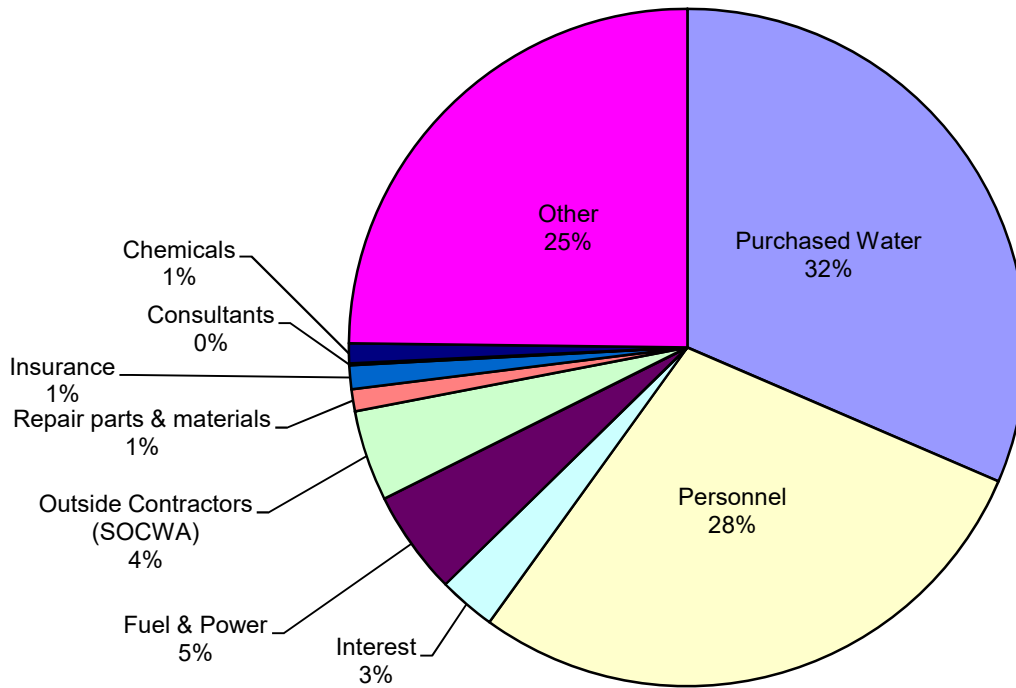
	ACTUAL	CURRENT MONTH BUDGET	VARIANCE DOLLARS	% +/-	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE DOLLARS	% +/-	BUDGET	REMAINING BUDGET
<u>From Rates</u>										
Capital Facilities Charge	\$ 250,393	\$ 251,250	\$ (857)	0%	\$ 1,252,423	\$ 1,256,250	\$ (3,828)	0%	\$ 3,015,000	\$ 1,762,578
Water sales - Commodity	630,351	710,417	(80,066)	-11%	4,503,363	4,487,105	16,257	0%	8,904,396	4,401,033
Water sales - Fixed Meter	322,181	318,682	3,499	1%	1,540,250	1,593,411	(53,161)	-3%	3,824,187	2,283,937
Waste water sales	640,017	647,917	(7,899)	-1%	3,219,756	3,239,583	(19,827)	-1%	7,775,000	4,555,244
Recycled water tertiary sales	92,650	161,044	(68,394)	-42%	962,164	1,048,411	(86,246)	-8%	1,663,847	701,683
Service charge - Recycled water	26,719	28,017	(1,298)	-5%	117,969	140,086	(22,117)	-16%	336,207	218,238
TOTAL FROM RATES	1,962,312	2,117,328	(155,016)	-7%	11,595,925	11,764,847	(168,922)	-1%	25,518,637	13,922,712
<u>Non-rate Revenue</u>										
Admin fee	1,952	1,600	352	22%	7,011	8,000	(989)	-12%	19,200	12,189
48 Hour notice fee	20	2,451	(2,431)	-99%	20	12,257	(12,237)	-100%	29,416.44	29,396
Restoration fee	-	370	(370)	-100%	-	1,850	(1,850)	-100%	4,440	4,440
Unpaid check fee	90	150	(60)	-40%	360	750	(390)	-52%	1,800	1,440
Cut lock fee	-	12	(12)	-100%	-	60	(60)	-100%	144	144
TOTAL NON-RATE	2,062	4,583	(2,521)	-55%	7,391	22,917	(15,525)	-68%	55,000	47,609
<u>Other Revenue</u>										
Interest	14,991	29,167	(14,176)	-49%	66,885	145,833	(78,948)	-54%	350,000	283,115
Change FMV Investment	(3,676)	-	(3,676)	0%	(28,504)	-	(28,504)	0%	-	28,504
Property taxes	90,276	87,792	2,484	3%	447,269	438,958	8,311	2%	1,053,500	606,231
Other	51,714	45,104	6,609	15%	249,131	225,521	23,610	10%	541,250	292,119
TOTAL OTHER REVENUE	153,305	162,063	(8,757)	-5%	734,781	810,312	(75,531)	-9%	1,944,750	1,209,969
<u>Contract Service</u>										
Santa Margarita W. D.	-	9,333	(9,333)	-100%	-	46,667	(46,667)	-100%	112,000	112,000
Moulton Niguel W. D.	-	1,958	(1,958)	-100%	11,000	9,792	1,208	12%	23,500	12,500
TOTAL CONTRACT SERVICES	-	11,292	(11,292)	-100%	11,000	56,458	(45,458)	-81%	135,500	124,500
TOTAL REVENUE	\$ 2,117,679	\$ 2,295,265	\$ (177,586)	-8%	\$ 12,349,098	\$ 12,654,534	\$ (305,437)	-2%	\$ 27,653,887	\$ 15,304,790

**EL TORO WATER DISTRICT
NON-RATE REVENUE ANALYSIS
FOR THE MONTH ENDING November 30, 2020**

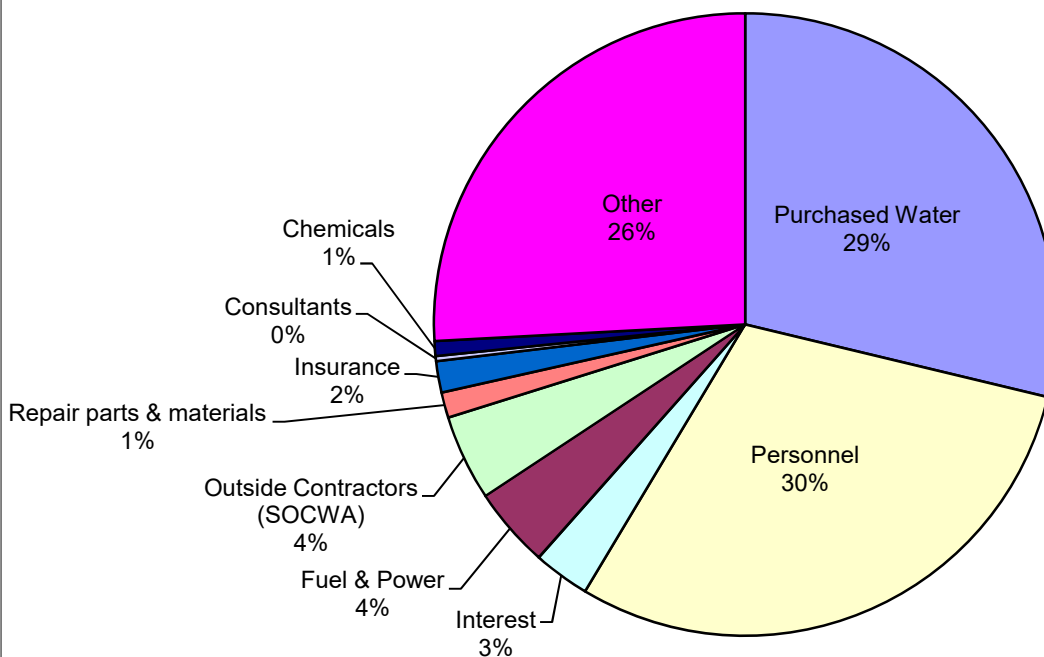
	Nov-20 Actual	Nov-20 Budget	Jul 20- Nov 20 YTD Actual	Jul 20- Nov 20 YTD Budget
Site Leases	19,389	19,583	86,128	97,915
MWD Recycled Water LRP Rebate	32,325	23,854	160,700	119,270
JPIA Refund		-	-	-
SOCWA Refund		-	-	-
Recycled Metal		-	928	-
Diesel Fuel Tax Refund	-	-	740	-
Sale of District Trucks		-	-	-
Misc Work for Customers	-	1,667	636	8,335
	<u>\$ 51,714</u>	<u>\$ 45,104</u>	<u>\$ 249,131</u>	<u>\$ 225,520</u>
Other Operating Income				
Sales to Santa Margarita	-		-	
Sales to Moulton Niguel	-		-	
	<u>-</u>		<u>-</u>	
Total	<u>51,714</u>		<u>249,131</u>	

WHERE THE MONEY GOES

YTD EXPENSES AT 11/30/20



EXPENSES YEAR ENDING 6/30/20



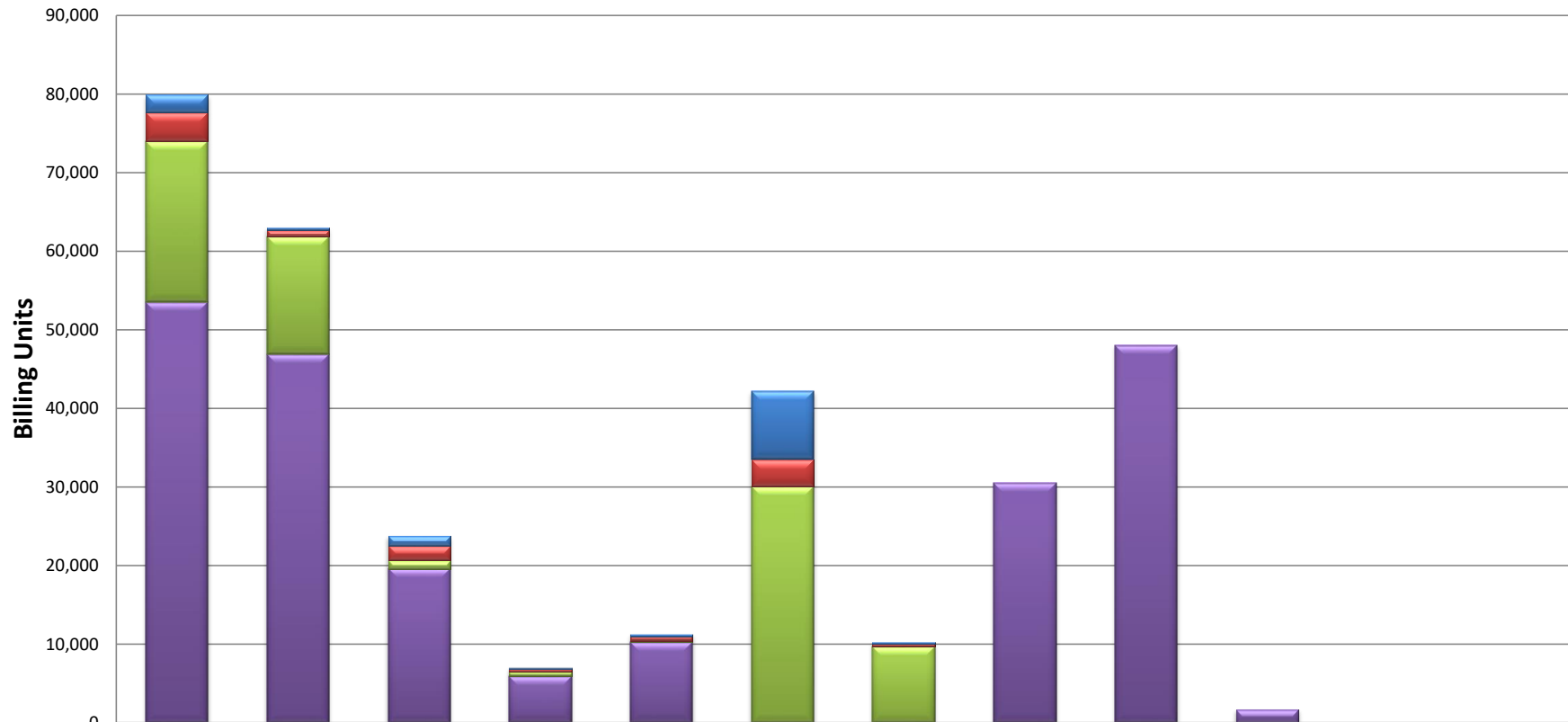
EL TORO WATER DISTRICT
Expense Comparison
For the Month Ended November 30, 2020

	ACTUAL	CURRENT MONTH BUDGET	VARIANCE DOLLARS	% +/-	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE DOLLARS	% +/-	Annual BUDGET	REMAINING BUDGET
<u>Operating Expenses</u>										
Personnel cost	\$624,616	\$715,783	\$91,167	13%	\$3,289,969	\$3,578,915	\$288,946	8%	\$8,589,397	5,299,428
Purchased water	553,450	630,926	77,476	12%	3,636,913	3,912,795	275,882	7%	7,878,746	4,241,833
Electrical power	72,980	93,617	20,637	22%	574,193	468,083	(106,110)	-23%	1,123,400	549,207
Repair parts & materials	17,957	33,824	15,867	47%	120,845	169,119	48,274	29%	405,885	285,040
Equipment repairs & maintenance	6,509	10,286	3,777	37%	46,830	51,429	4,599	9%	123,430	76,600
Pump repairs & maintenance	0	8,292	8,292	100%	30,892	41,458	10,567	25%	99,500	68,608
Motor repairs & maintenance	0	2,792	2,792	100%	1,185	13,958	12,773	92%	33,500	32,315
Electrical repairs & maintenance	24,724	6,633	(18,091)	-273%	33,698	33,167	(531)	-2%	79,600	45,902
Meter repairs & maintenance	0	488	488	100%	1,673	2,438	765	31%	5,850	4,177
Chemicals	35,634	18,225	(17,409)	-96%	110,140	91,125	(19,015)	-21%	218,700	108,560
Structure repairs & maintenance	3,658	2,694	(963)	-36%	18,899	13,471	(5,428)	-40%	32,331	13,432
Asphalt repairs & maintenance	0	6,917	6,917	100%	6,160	34,583	28,423	82%	83,000	76,840
Consultants - outside	106	4,696	4,590	98%	10,367	23,479	13,112	56%	56,350	45,983
Contractors - outside	84,841	97,997	13,156	13%	501,183	492,819	(8,364)	-2%	1,175,966	674,783
Engineers - outside	1,917	11,583	9,667	83%	94,585	57,917	(36,668)	-63%	139,000	44,415
Dump fees	-	1,500	1,500	100%	7,498	7,500	2	0%	18,000	10,502
Laboratories	-	2,408	2,408	100%	8,483	12,042	3,559	30%	28,900	20,417
License & permits	11,786	15,026	3,239	22%	34,408	75,128	40,720	54%	180,306	145,898
Automotive fuel & oil	6,313	8,750	2,437	28%	38,936	43,750	4,814	11%	105,000	66,064
Equipment rental	1,484	1,675	191	11%	8,157	8,375	218	3%	20,100	11,943
Landscaping	4,609	13,670	9,061	66%	28,608	68,349	39,741	58%	164,038	135,430
Small tools & equipment	1,588	5,583	3,996	72%	24,146	27,917	3,770	14%	67,000	42,854
Security	0	1,588	1,588	100%	6,398	7,939	1,542	19%	19,055	12,657
Operating supplies	8,091	4,688	(3,403)	-73%	34,094	23,442	(10,652)	-45%	56,260	22,166
Safety equipment	0	3,000	3,000	100%	8,485	15,000	6,515	43%	36,000	27,515
Temporary help	0	2,292	2,292	100%	0	11,458	11,458	100%	27,500	27,500
Other employee cost	20,353	9,250	(11,103)	-120%	97,031	46,250	(50,781)	-110%	111,000	13,969
Employee service awards	300	342	42	12%	2,850	1,708	(1,142)	-67%	4,100	1,250
Education & training	175	2,833	2,658	94%	3,444	14,167	10,723	76%	34,000	30,556
Total Operating Expenses	1,481,089	1,717,357	236,268	14%	8,780,069	9,347,782	567,713	6%	20,915,914	12,135,845

EL TORO WATER DISTRICT
Expense Comparison
For the Month Ended November 30, 2020

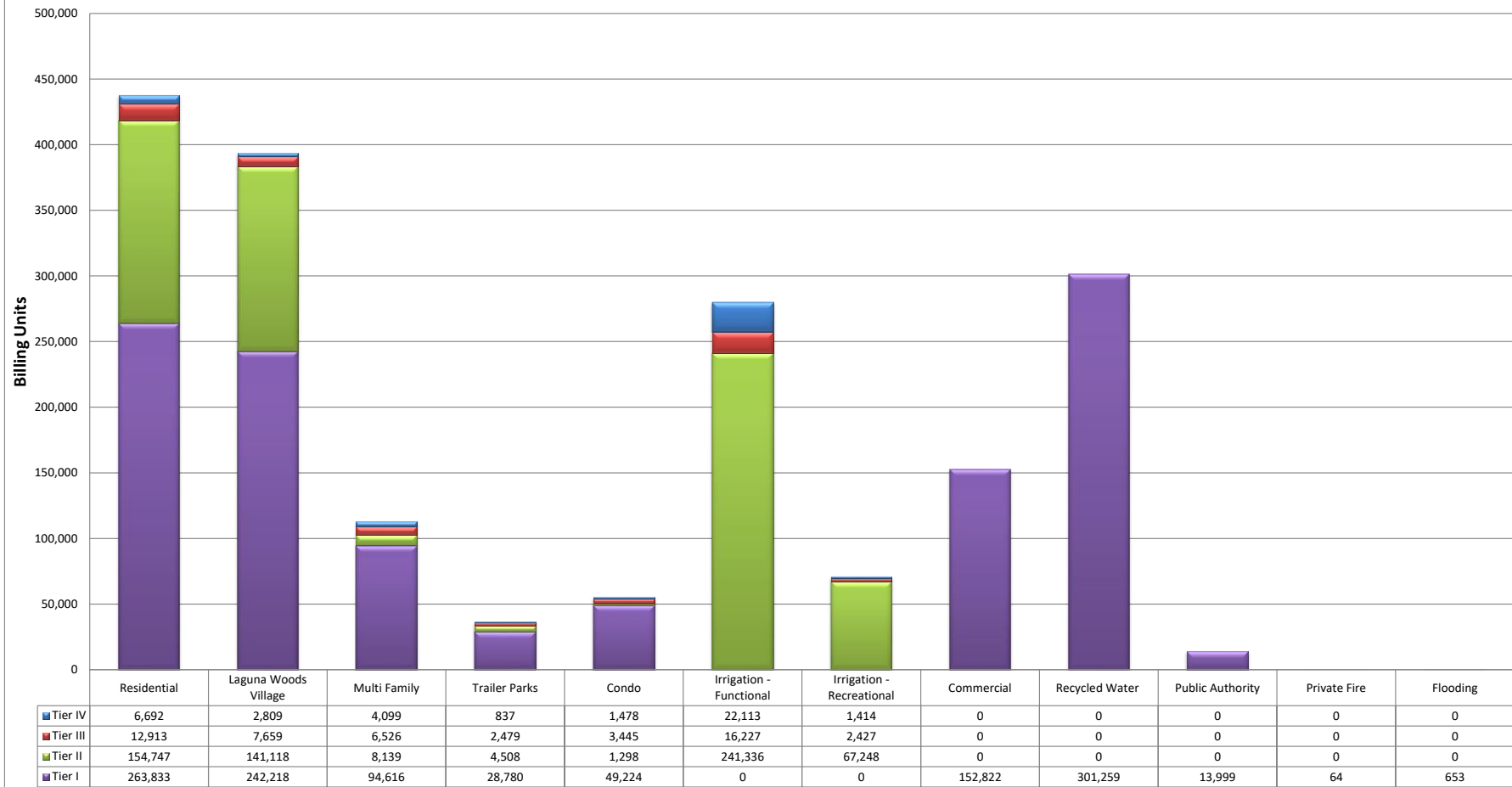
	ACTUAL	CURRENT MONTH BUDGET	VARIANCE DOLLARS	% +/-	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE DOLLARS	% +/-	Annual BUDGET	REMAINING BUDGET
<u>Indirect Cost</u>										
Depreciation	358,285	408,333	50,048	12%	1,791,425	2,041,667	250,242	12%	4,900,000	3,108,575
Amortization	570	571	0	0%	2,852	2,854	2	0%	6,850	3,998
Insurance	27,411	25,981	(1,430)	-6%	131,210	129,905	(1,305)	-1%	311,773	180,563
Retiree Medical Insurance	23,269	24,554	1,285	5%	111,698	122,769	11,070	9%	294,645	182,947
Data processing supplies & assoc.	1,338	2,083	745	36%	9,772	10,417	644	6%	25,000	15,228
Data processing equipment	1,245	2,500	1,255	50%	9,706	12,500	2,794	22%	30,000	20,294
Data processing consultants	-	3,333	3,333	100%	1,800	16,667	14,867	89%	40,000	38,200
Software maintenance & licenses	10,404	13,417	3,012	22%	54,118	67,083	12,965	19%	161,000	106,882
Janitorial	6,680	3,133	(3,546)	-113%	33,179	15,667	(17,512)	-112%	37,600	4,421
Printing & reproduction	657	1,550	893	58%	4,652	7,750	3,098	40%	18,600	13,948
Publications & subscriptions	0	250	250	100%	0	1,250	1,250	100%	3,000	3,000
Communications - voice	1,504	1,833	330	18%	5,194	9,167	3,973	43%	22,000	16,806
Communications - data	4,734	4,750	16	0%	23,485	23,750	265	1%	57,000	33,515
Communications - mobile	3,874	3,000	(874)	-29%	16,529	15,000	(1,529)	-10%	36,000	19,471
Utilities	1,544	2,276	732	32%	6,321	11,379	5,058	44%	27,310	20,989
Total Indirect Cost	441,516	497,565	56,049	11%	2,201,941	2,487,824	285,883	11%	5,970,778	3,768,837
<u>Overhead Cost</u>										
Annual events	0	500	500	100%	0	2,500	2,500	100%	6,000	6,000
Audit	0	2,142	2,142	100%	20,700	10,708	(9,992)	-93%	25,700	5,000
Bad debts	4,973	1,667	(3,306)	-198%	4,720	8,333	3,613	43%	20,000	15,280
Bank charges	5,052	5,250	198	4%	25,345	26,250	905	3%	63,000	37,655
Directors fees	9,198	10,000	802	8%	51,684	50,000	(1,684)	-3%	120,000	68,316
Dues & memberships	7,796	7,278	(518)	-7%	33,075	36,392	3,317	9%	87,340	54,265
Election Expense	0	2,917	2,917	100%	0	14,583	14,583	100%	35,000	35,000
Interest	63,054	63,054	0	0%	315,270	315,270	0	0%	756,649	441,379
Legal	9,677	8,942	(735)	-8%	54,517	44,708	(9,809)	-22%	107,300	52,783
Meetings, conventions & travel	3,866	3,250	(616)	-19%	4,710	16,250	11,540	71%	39,000	34,290
Meets, con & travel - Directors	1,900	3,542	1,642	46%	3,073	17,708	14,635	83%	42,500	39,427
Office supplies	260	1,650	1,390	84%	8,383	8,250	(133)	-2%	19,800	11,417
Postage	186	1,708	1,522	89%	3,737	8,542	4,804	56%	20,500	16,763
Property taxes	439	717	278	39%	484	3,583	3,100	87%	8,600	8,116
Advertising & Publicity	0	167	167	100%	6,200	833	(5,367)	-644%	2,000	(4,200)
Public education & outreach	4,160	15,392	11,232	73%	42,371	76,958	34,587	45%	184,700	142,329
Total Overhead Cost	110,560	128,174	17,614	14%	574,269	640,871	66,601	10%	1,538,089	963,820
TOTAL EXPENSES	\$2,033,166	\$2,343,096	\$309,930	13%	\$11,556,279	\$12,476,476	\$920,197	7%	\$28,424,781	\$16,868,502

November 2020 Water Sales

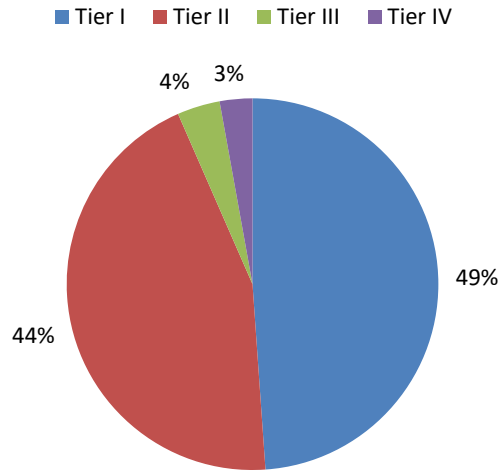


	Residential	Laguna Woods Village	Multi Family	Trailer Parks	Condo	Irrigation - Functional	Irrigation - Recreational	Commercial	Recycled Water	Public Authority	Private Fire	Flooding
■ Tier IV	2,287	356	1,297	173	284	8,747	200	0	0	0	0	0
■ Tier III	3,689	872	1,818	400	565	3,363	433	0	0	0	0	0
■ Tier II	20,401	14,934	1,099	553	224	30,101	9,656	0	0	0	0	0
■ Tier I	53,556	46,890	19,598	5,921	10,230	0	0	30,493	48,030	1,624	10	48

Year-to-Date Water Sales as of November 2020

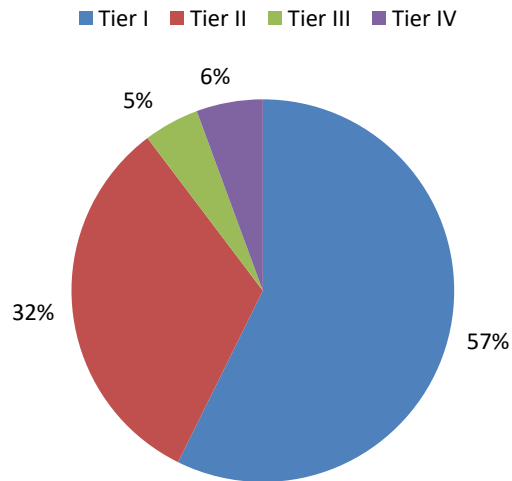


Year to Date Tiered Sales As of November 2020



Year To Date Sales in ccf		
Tier I	678,671	48.89%
Tier II	618,394	44.55%
Tier III	51,676	3.72%
Tier IV	39,442	2.84%
	1,388,183	100.00%

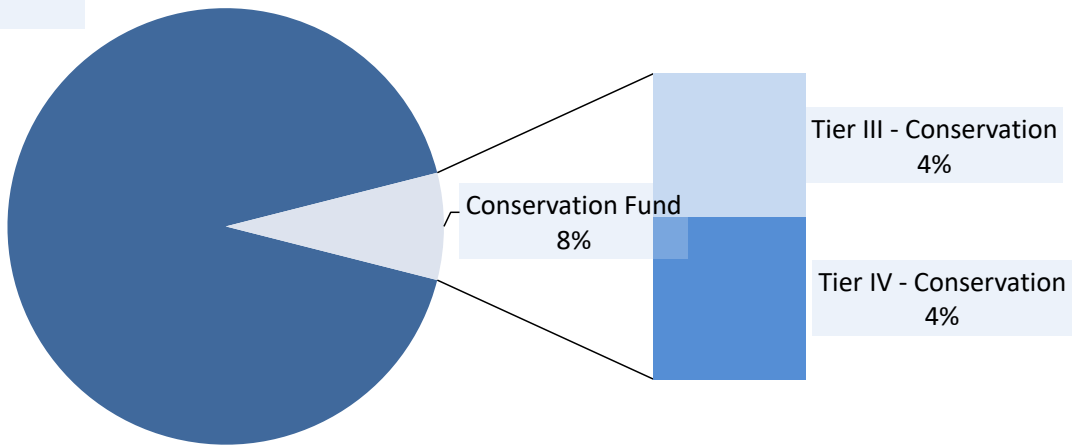
November 2020 Tiered Sales



Current Month Sales in ccf		
Tier I	136,195	57.31%
Tier II	76,968	32.39%
Tier III	11,140	4.69%
Tier IV	13,344	5.62%
	237,647	100.00%

Year to Date Water Sales as of November 2020

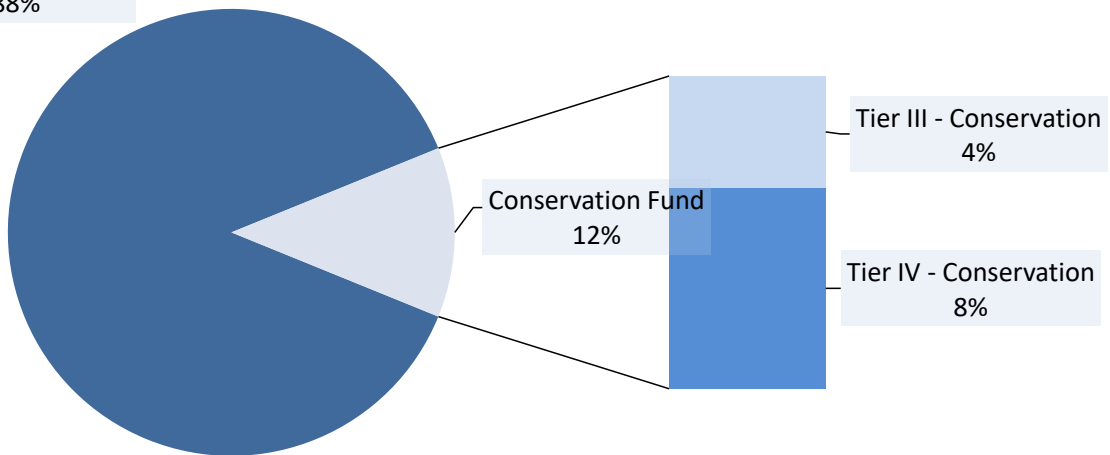
Water Delivery Cost
92%



Category	Billings	Percentage
Water Delivery Cost	\$3,894,985.27	92.09%
Tier III - Conservation	\$157,095.04	3.71%
Tier IV - Conservation	\$177,535.12	4.20%
	\$4,229,615.43	100.00%

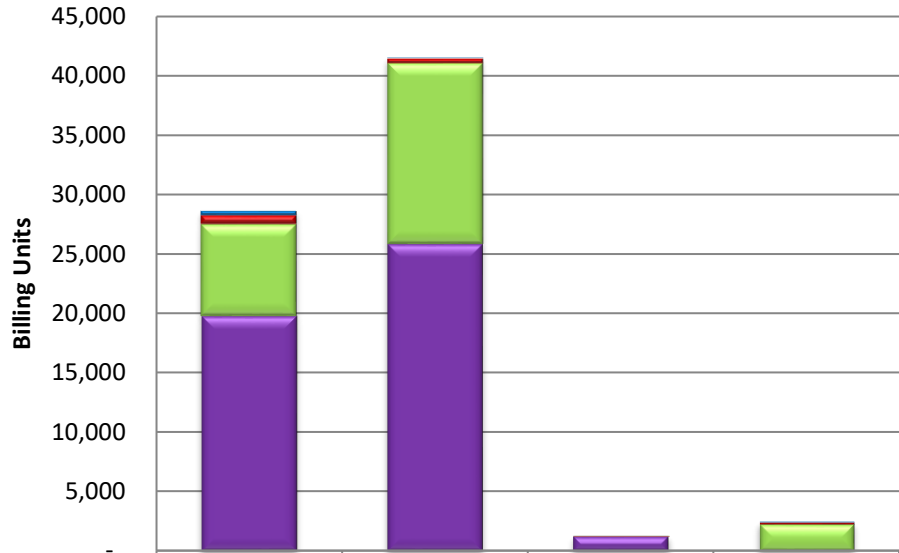
November 2020 Water Sales

Water Delivery Cost
88%



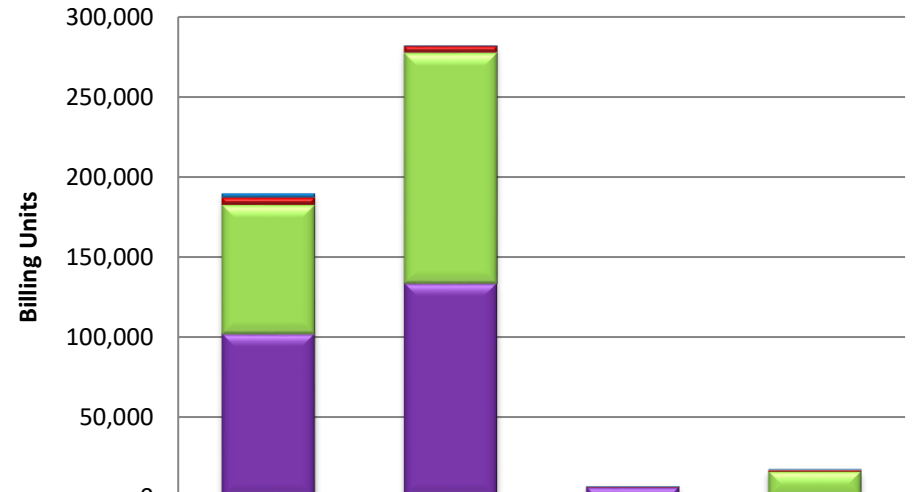
Category	Billings	Percentage
Water Delivery Cost	\$675,315.99	87.70%
Tier III - Conservation	\$33,865.60	4.40%
Tier IV - Conservation	\$60,825.53	7.90%
	\$770,007.12	100.00%

Laguna Woods Village November 2020 Water Sales



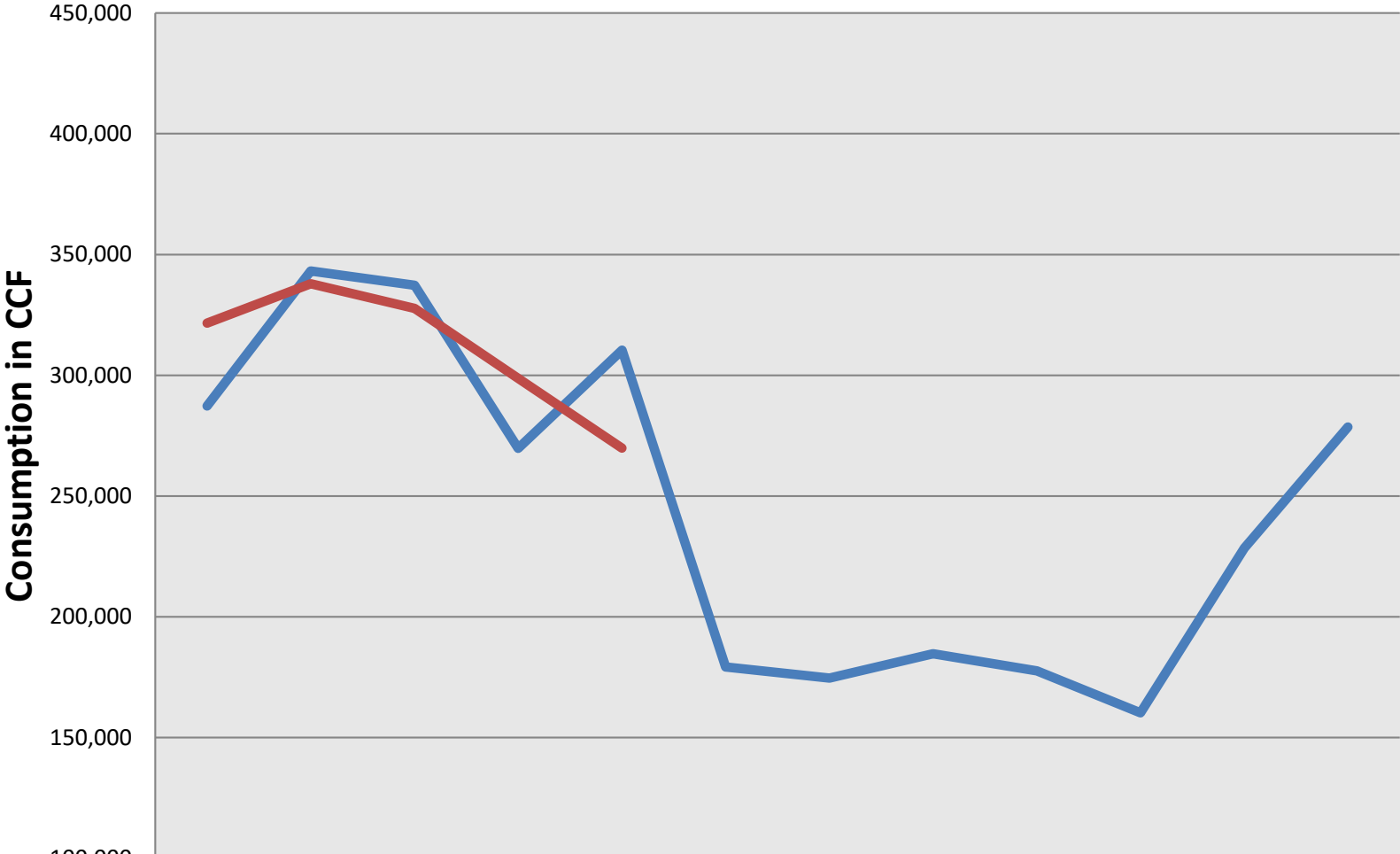
	Third	United	Mutual 50	GRF
■ Tier 4	340	35	-	55
■ Tier 3	768	354	13	140
■ Tier 2	7,732	15,208	14	2,296
■ Tier 1	19,782	25,836	1,272	-

Laguna Woods Village Year-to-Date Water Sales November 2020



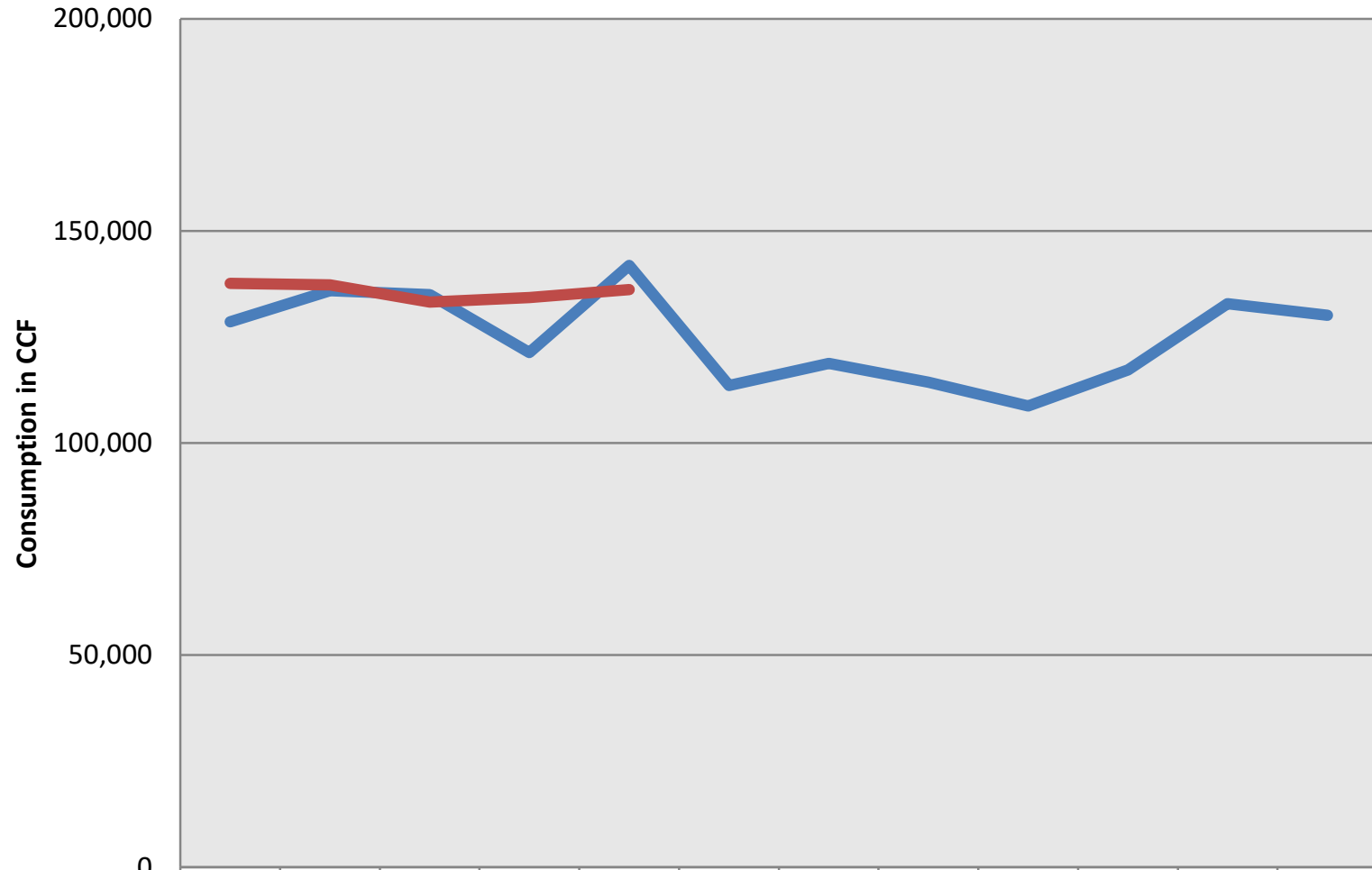
	Third	United	Mutual 50	GRF
■ Tier 4	2,561	314	15	382
■ Tier 3	4,810	4,272	154	1,021
■ Tier 2	80,755	143,773	96	16,549
■ Tier 1	102,006	133,513	6,699	0

ETWD Total Consumption



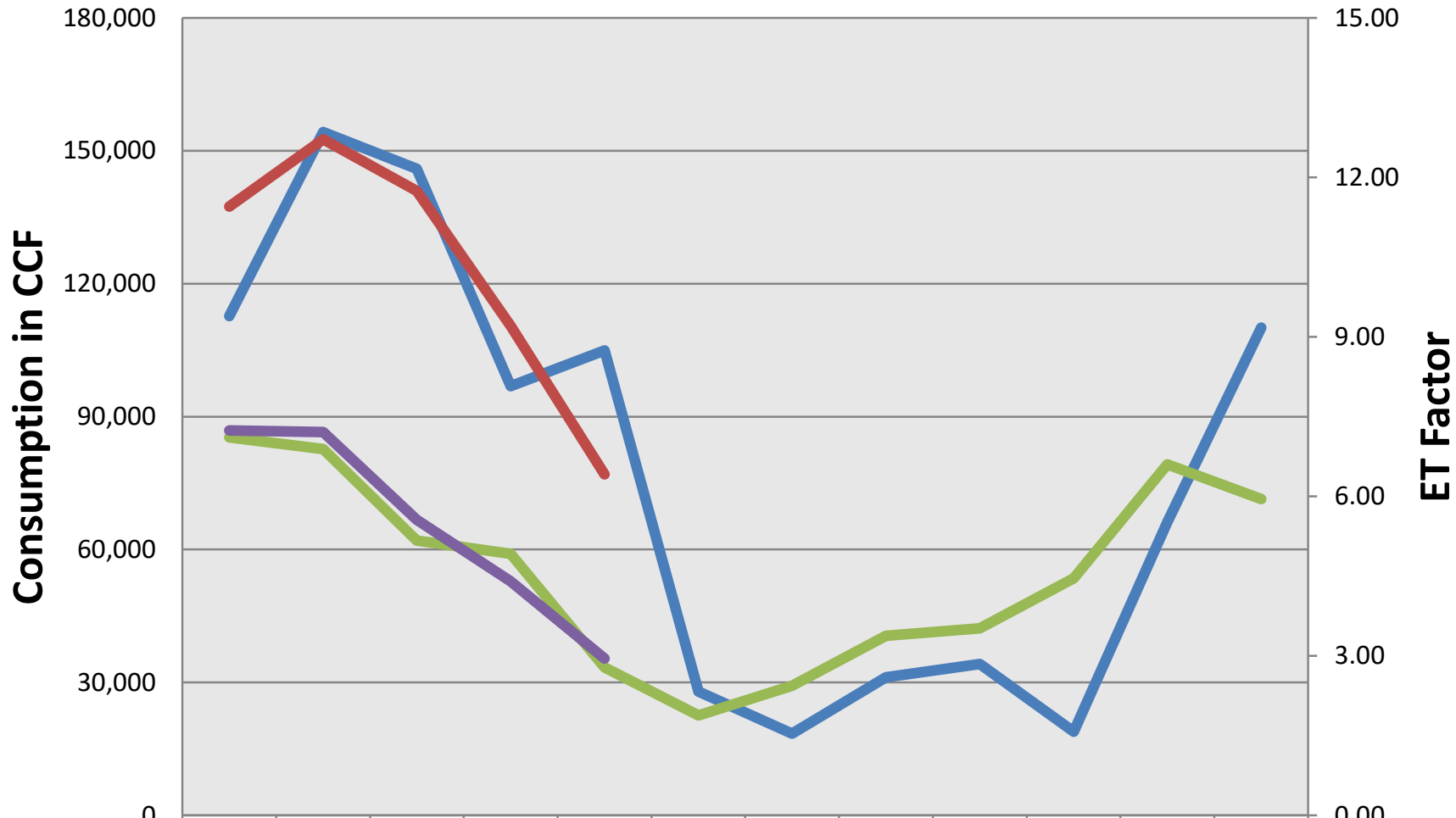
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2019-2020	287,207	343,163	337,247	269,666	310,344	179,155	174,596	184,609	177,526	160,199	228,443	278,527
2020-2021	321,599	337,881	327,731	298,688	269,822							
%	112%	98%	97%	111%	87%	0%	0%	0%	0%	0%	0%	0%

Tier I Consumption



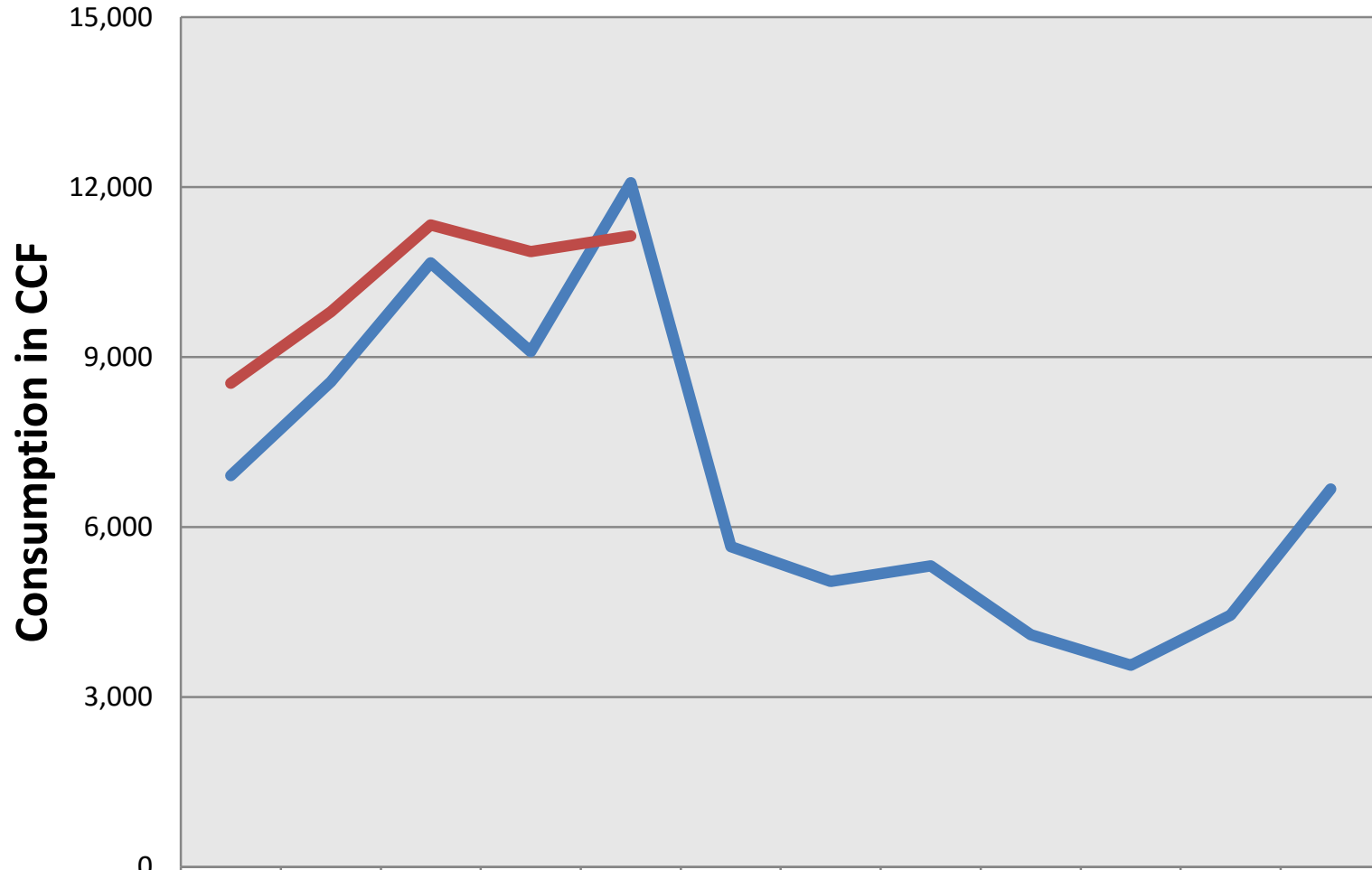
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2019-2020	128,554	135,906	134,987	121,297	141,878	113,574	118,788	114,338	108,744	117,284	132,878	130,117
2020-2021	137,646	137,282	133,239	134,309	136,195							

Tier II Consumption



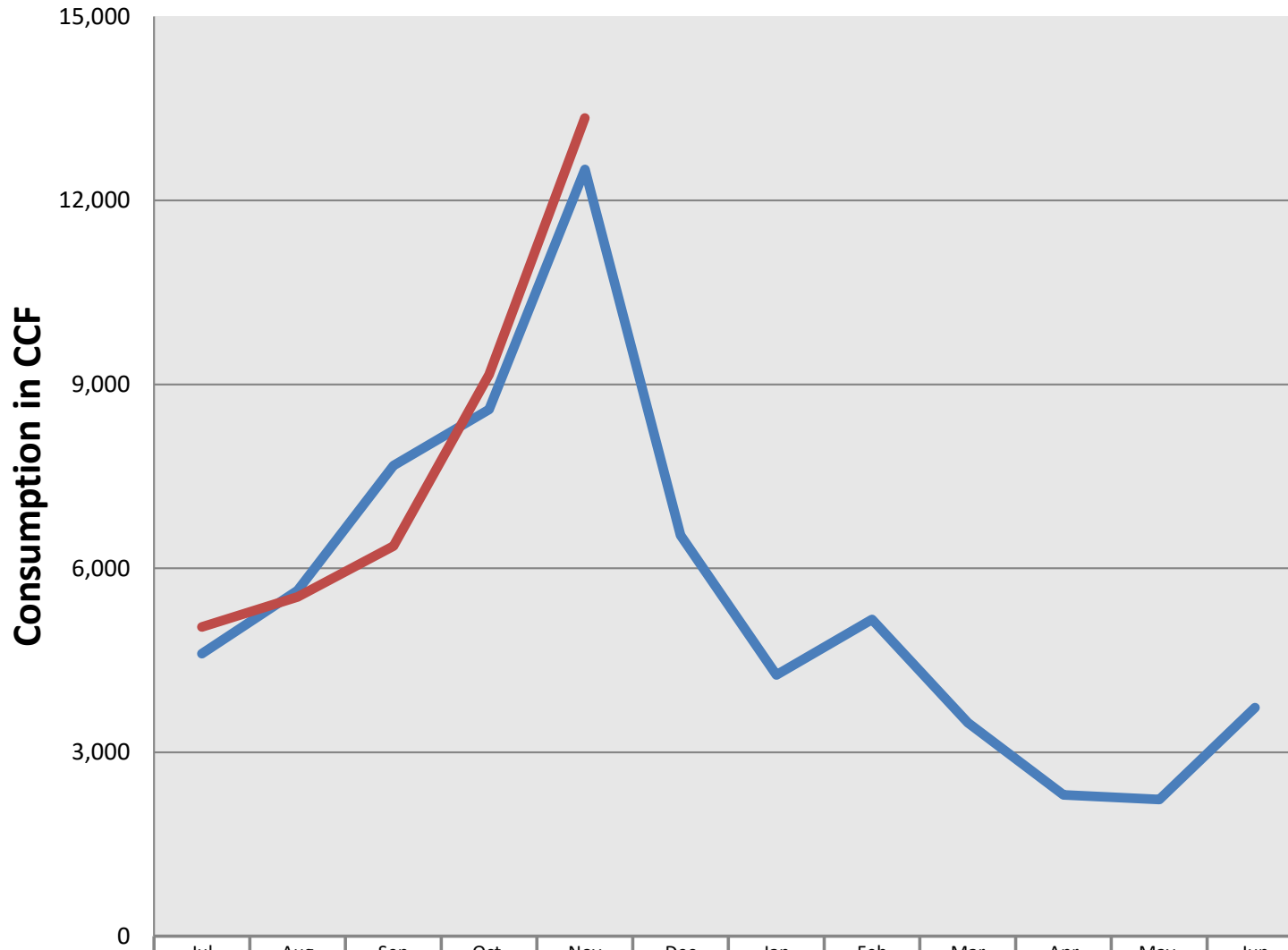
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2019-2020	112,695	154,237	145,968	96,862	104,906	27,914	18,449	31,164	34,192	18,866	66,147	110,075
2020-2021	137,408	152,593	140,982	110,443	76,968							
19/20 ET	7.11	6.89	5.17	4.92	2.78	1.88	2.44	3.38	3.52	4.46	6.60	5.95
20/21 ET	7.24	7.21	5.56	4.40	2.95							

Tier III Consumption



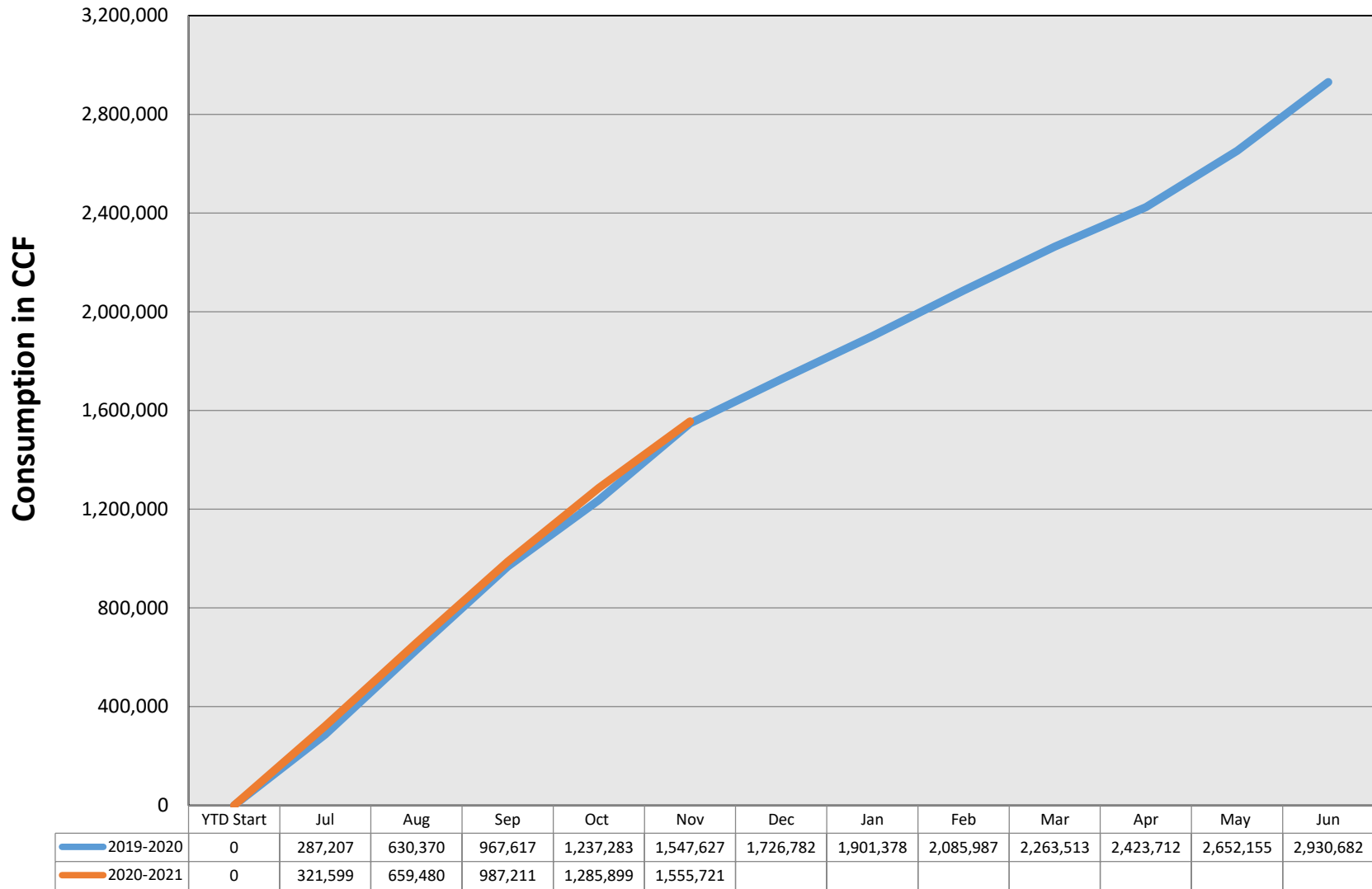
2019-2020	6,910	8,567	10,664	9,094	12,078	5,654	5,038	5,318	4,098	3,562	4,446	6,675
2020-2021	8,539	9,799	11,333	10,865	11,140							

Tier IV Consumption

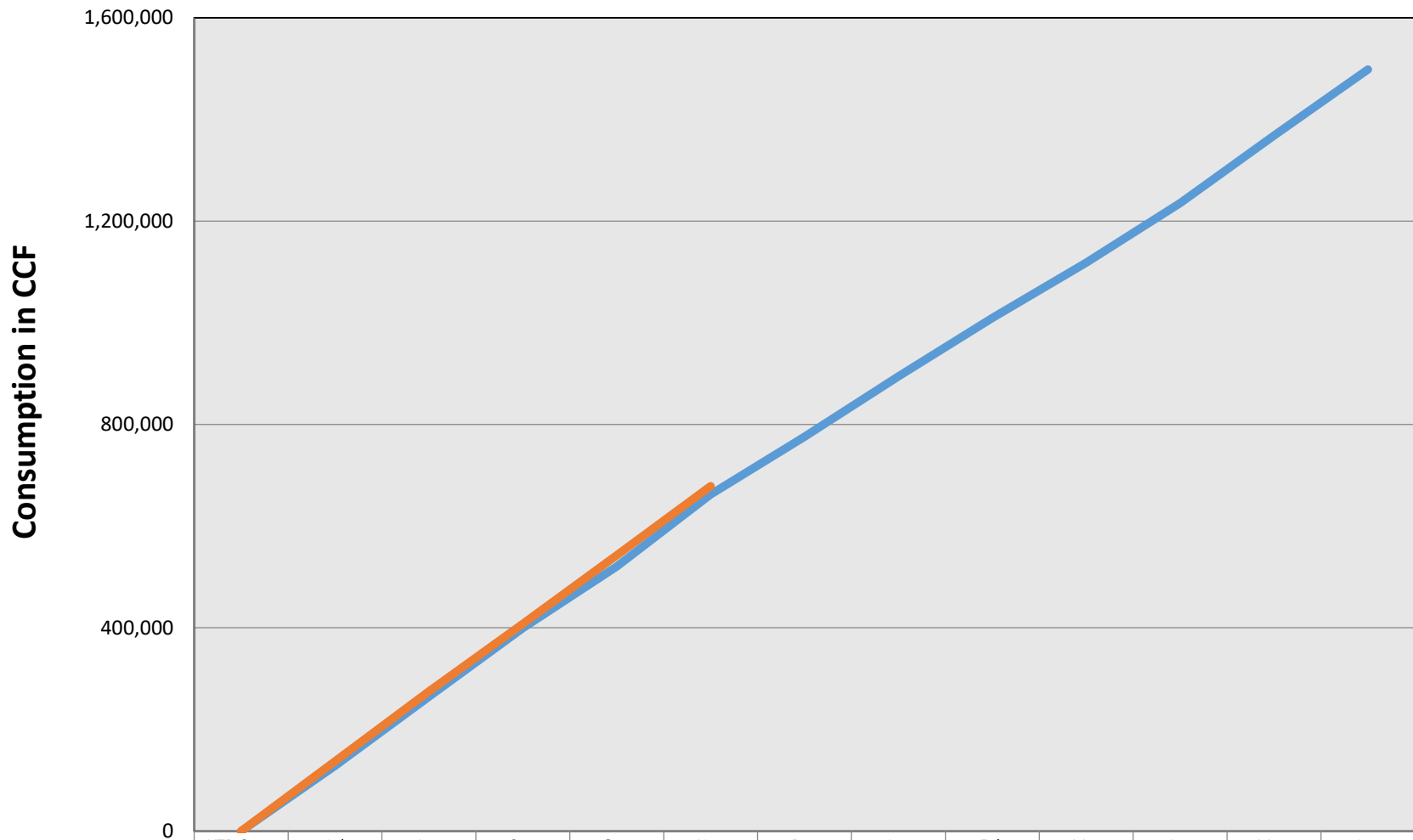


2019-2020	4,608	5,639	7,676	8,591	12,505	6,539	4,262	5,166	3,479	2,304	2,229	3,729
2020-2021	5,043	5,531	6,365	9,159	13,344							

ETWD YTD Consumption

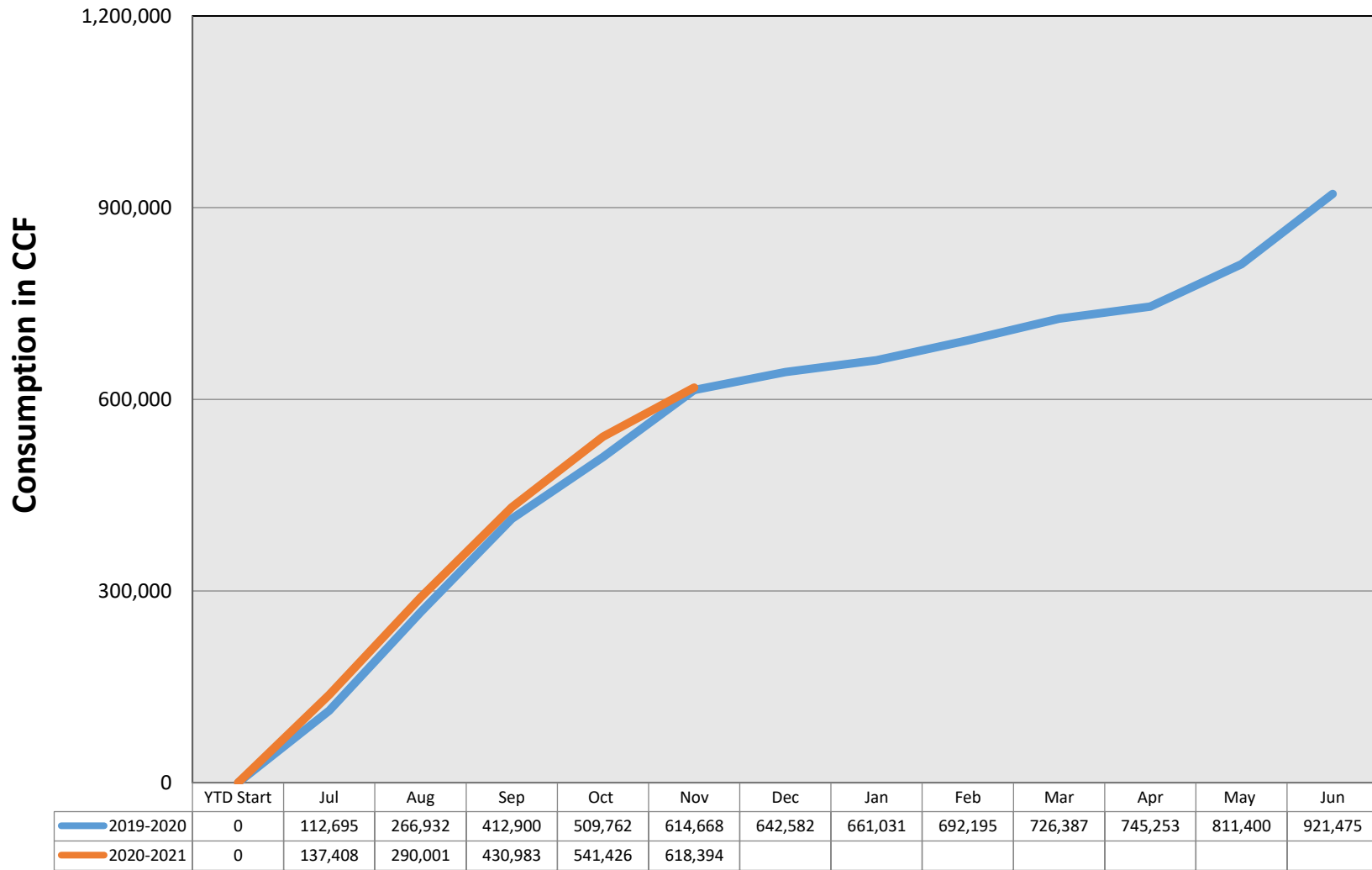


Tier I YTD Consumption

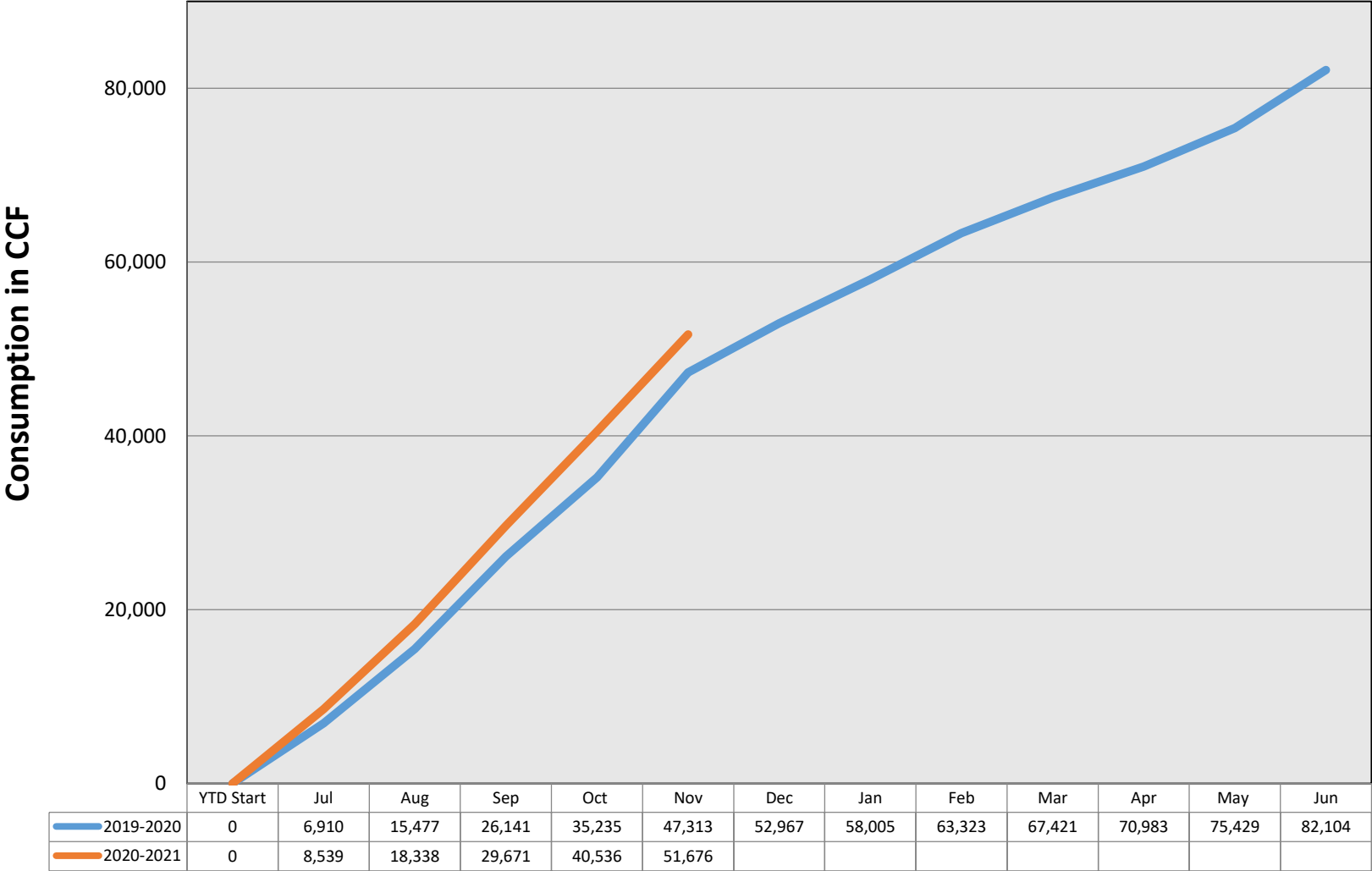


	YTD Start	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2019-2020	0	128,554	264,460	399,447	520,744	662,622	776,196	894,984	1,009,322	1,118,066	1,235,350	1,368,228	1,498,345
2020-2021	0	137,646	274,928	408,167	542,476	678,671							

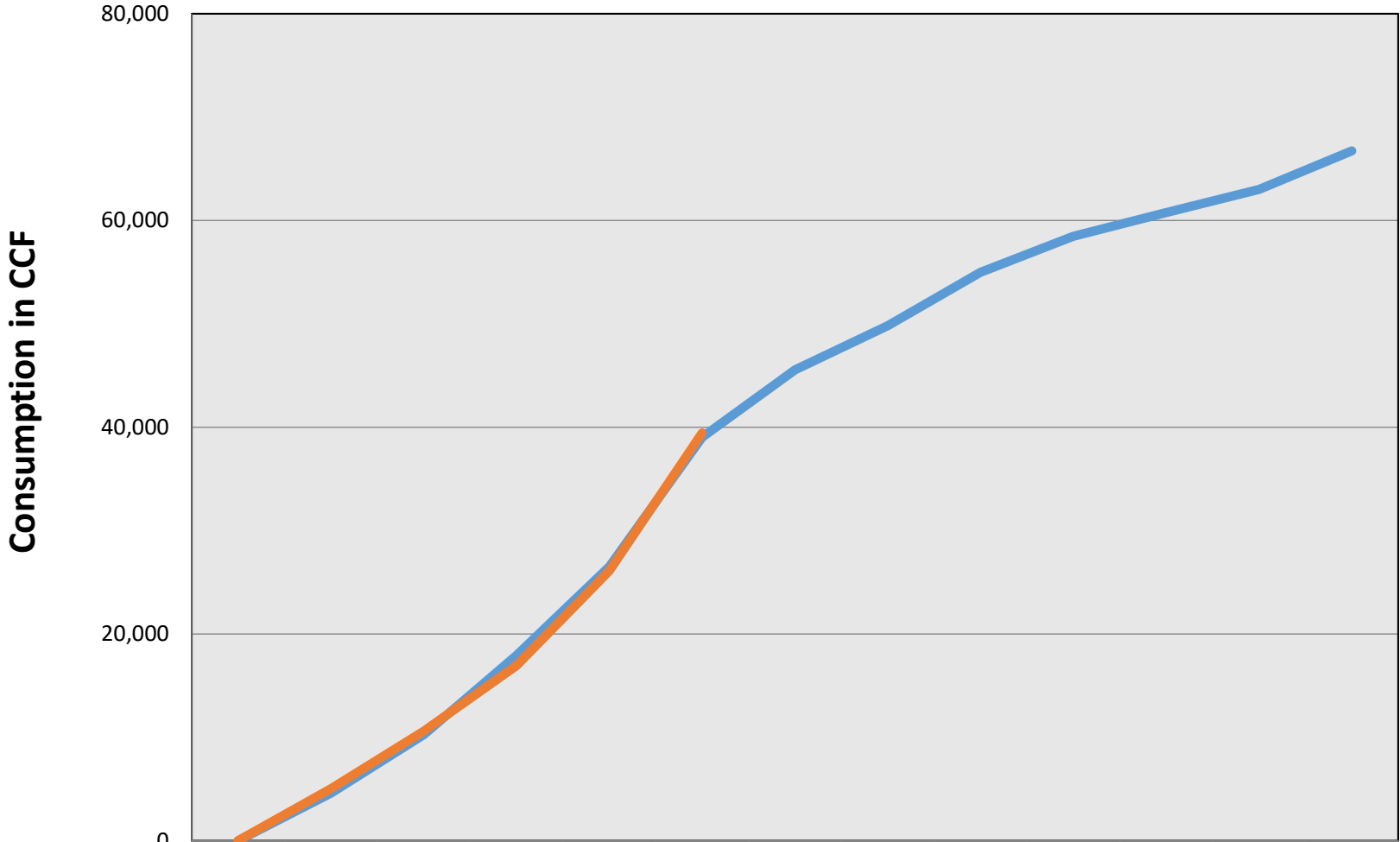
Tier II YTD Consumption



Tier III YTD Consumption

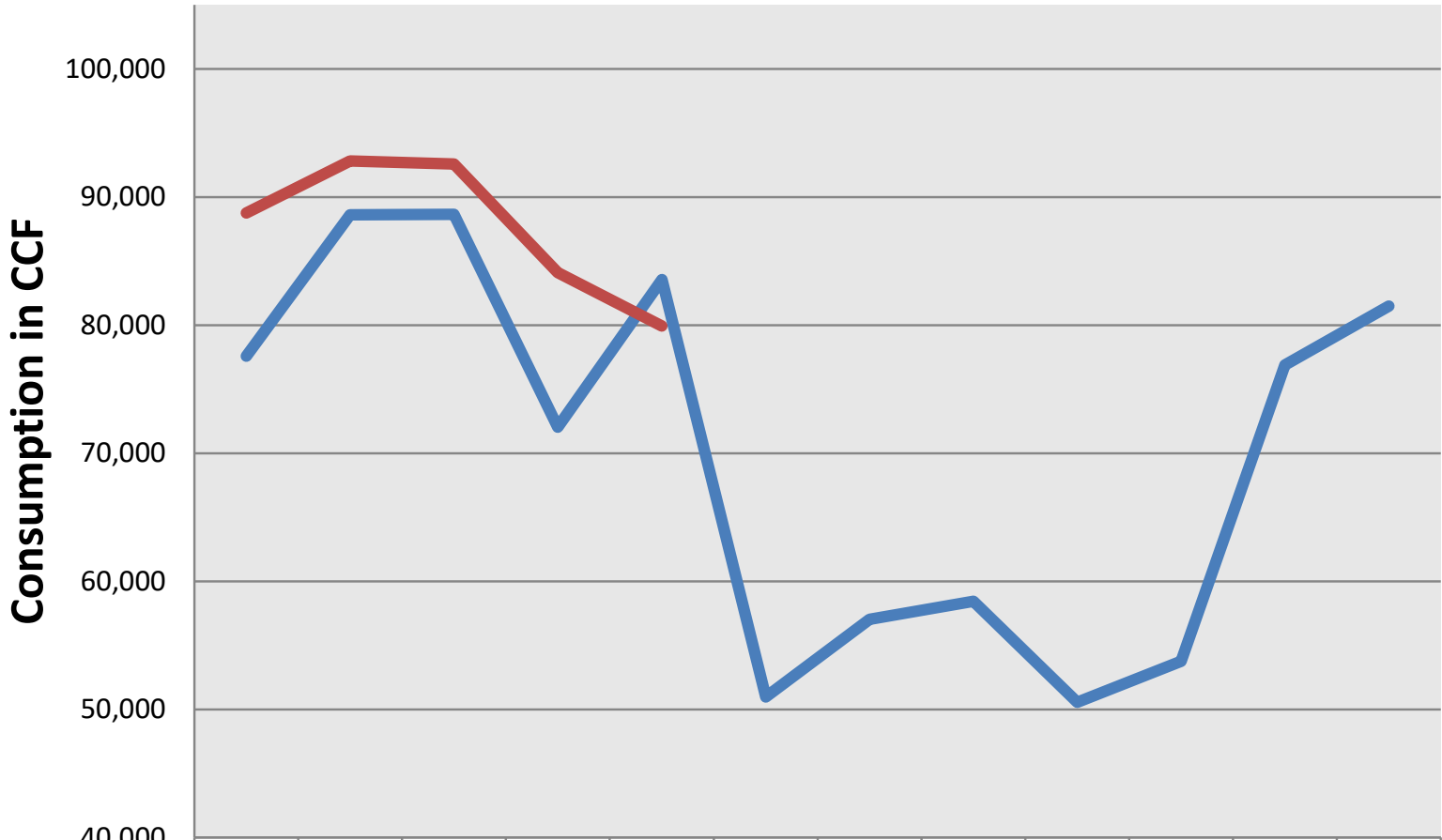


Tier IV YTD Consumption



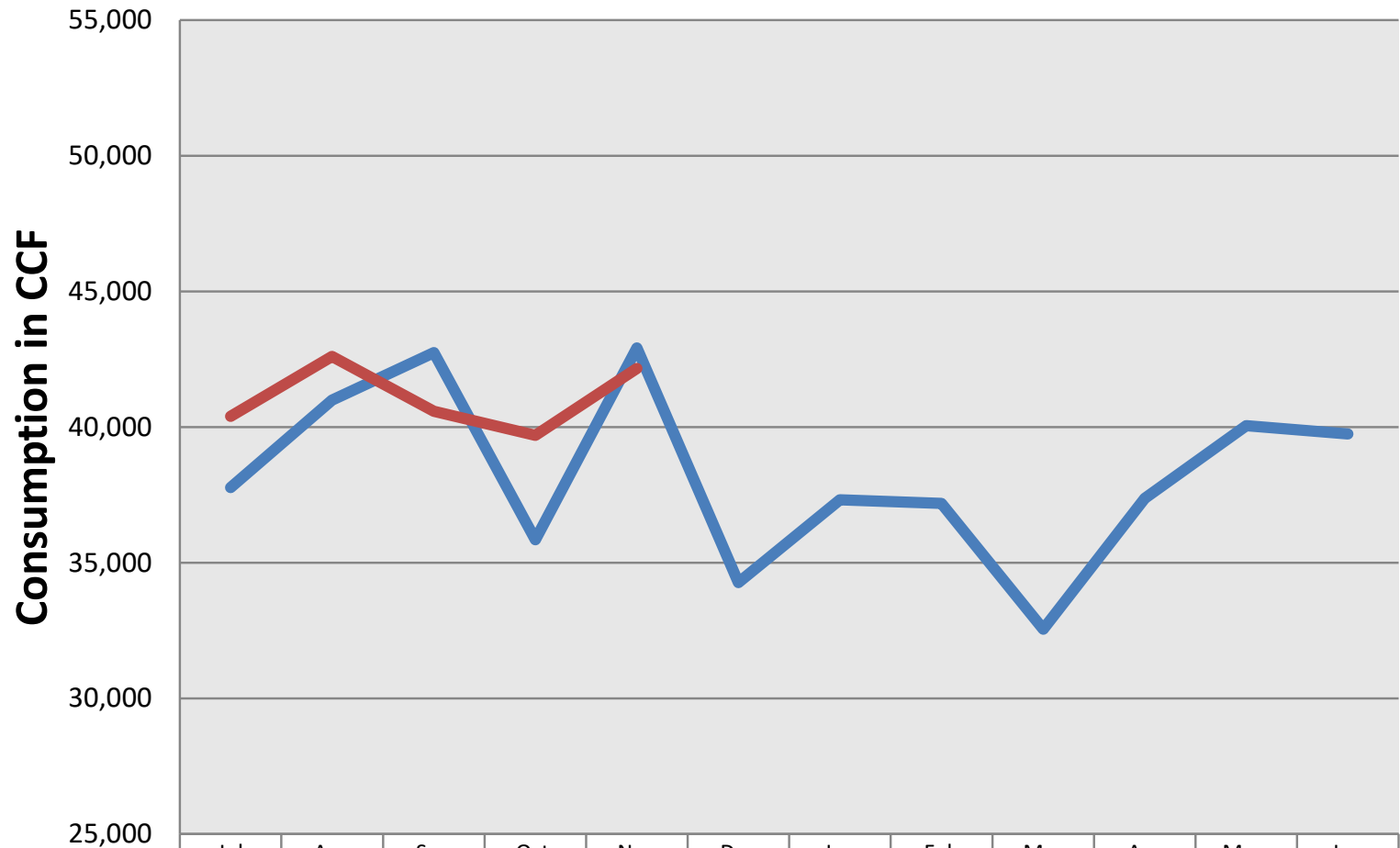
	YTD Start	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2019-2020	0	4,608	10,247	17,923	26,514	39,019	45,558	49,820	54,986	58,465	60,769	62,998	66,727
2020-2021	0	5,043	10,574	16,939	26,098	39,442							

Single Family Residents Consumption



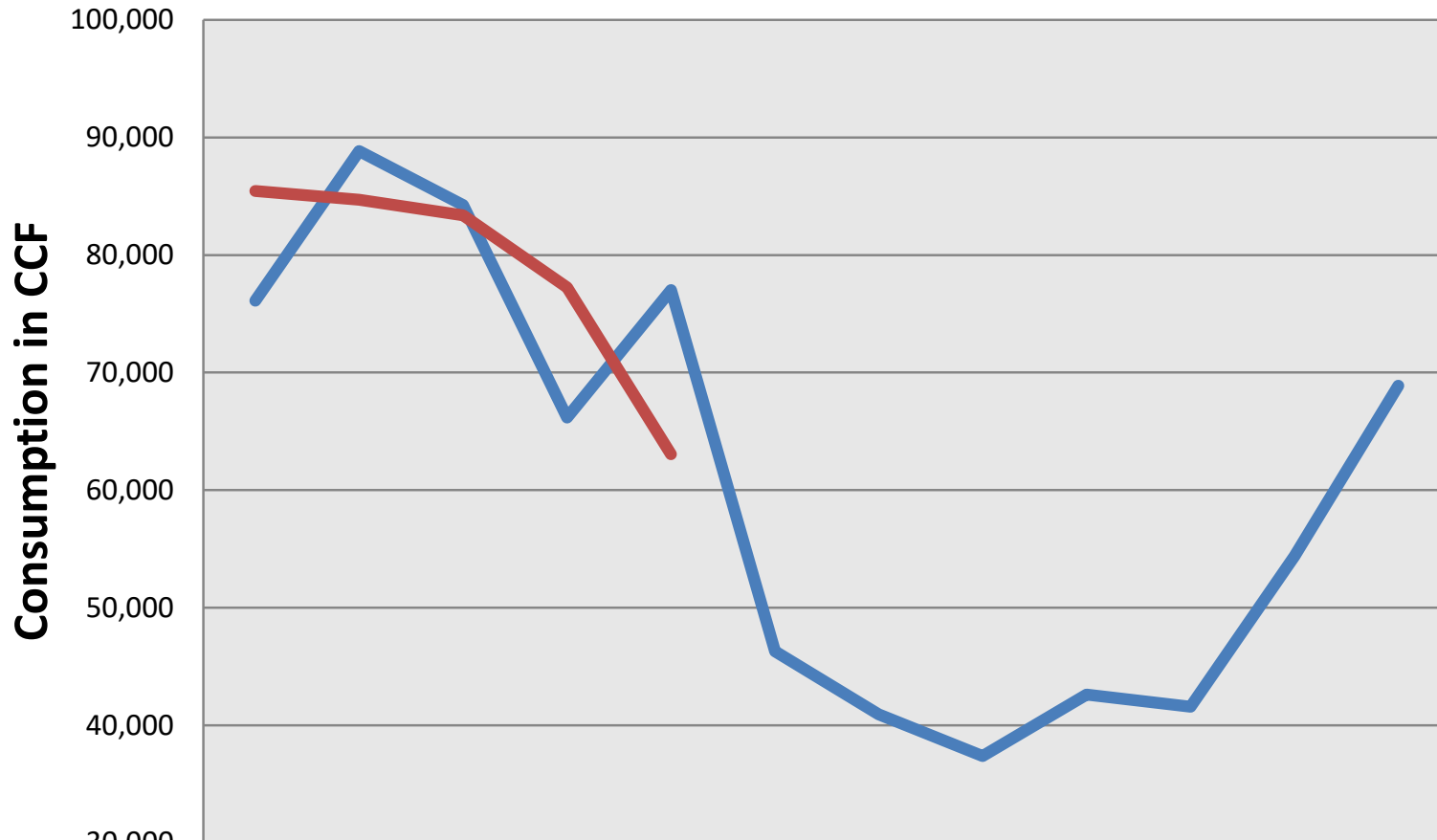
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2019-2020	77,586	88,625	88,650	72,040	83,550	50,955	57,031	58,453	50,557	53,765	76,880	81,484
2020-2021	88,770	92,815	92,568	84,099	79,933							
%	114%	105%	104%	117%	96%	0%	0%	0%	0%	0%	0%	0%

Multi Family Residents Consumption



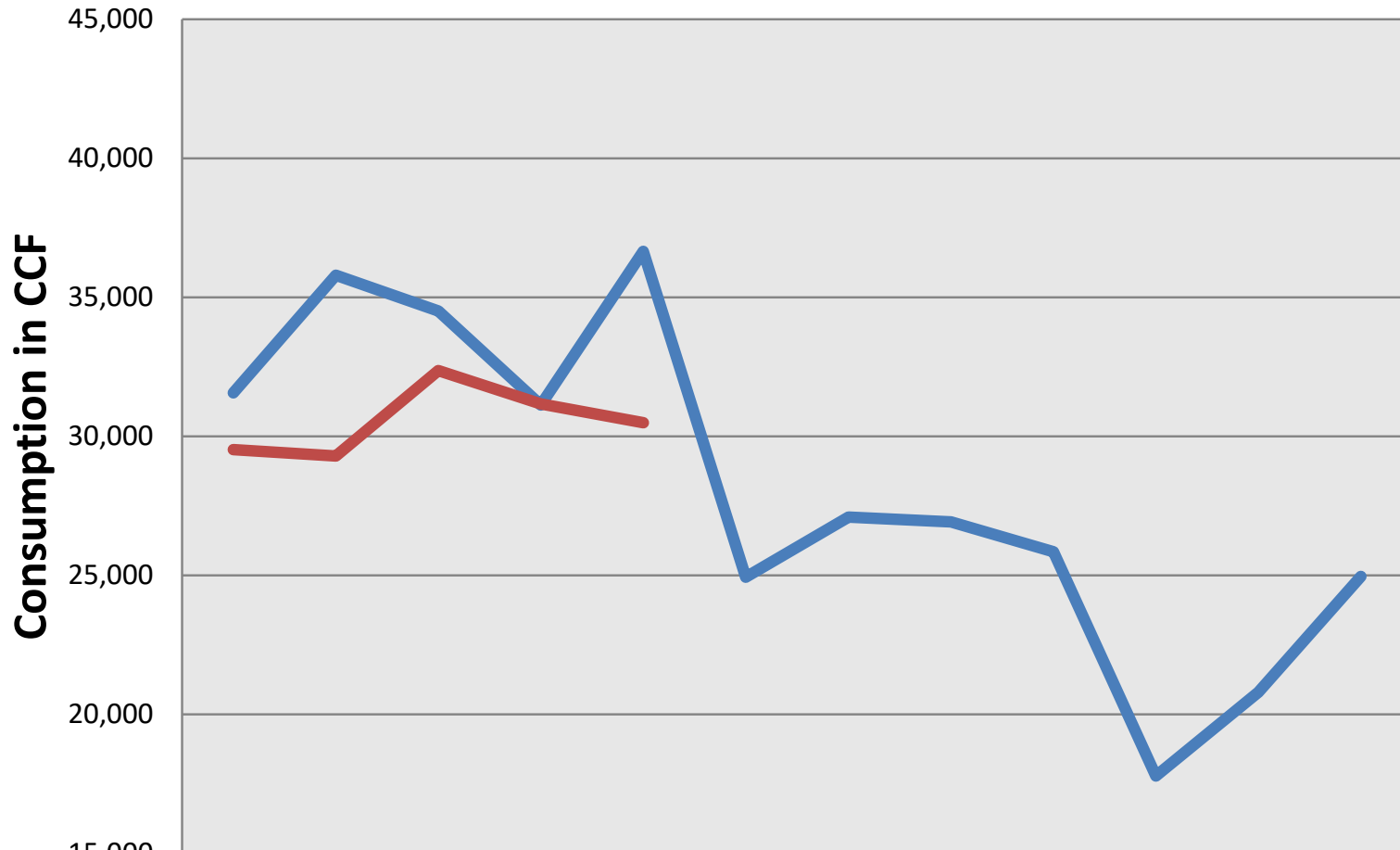
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2019-2020	37,764	40,990	42,748	35,846	42,915	34,269	37,314	37,185	32,549	37,372	40,056	39,751
2020-2021	40,396	42,602	40,575	39,694	42,162							
%	107%	104%	95%	111%	98%	0%	0%	0%	0%	0%	0%	0%

Laguna Woods Village Consumption (Excluding Dedicated Irrigation)



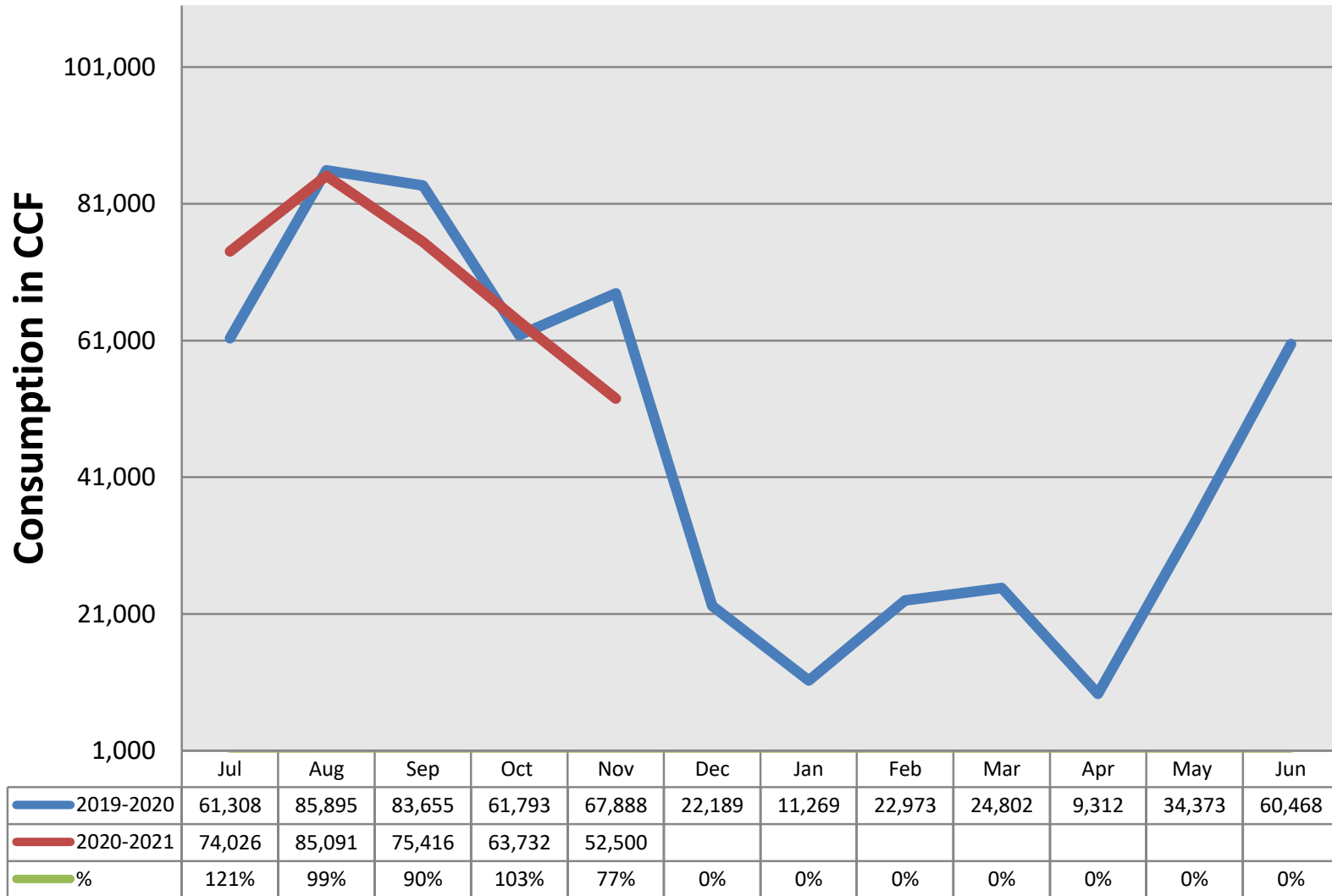
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
— 2019-2020	76,109	88,839	84,242	66,165	77,014	46,268	40,923	37,375	42,605	41,567	54,391	68,893
— 2020-2021	85,444	84,697	83,360	77,251	63,052							
— %	112%	95%	99%	117%	82%	0%	0%	0%	0%	0%	0%	0%

Commercial Consumption



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2019-2020	31,560	35,793	34,506	31,129	36,650	24,924	27,092	26,914	25,842	17,778	20,786	24,962
2020-2021	29,513	29,290	32,362	31,164	30,493							
%	94%	82%	94%	100%	83%	0%	0%	0%	0%	0%	0%	0%

Dedicated Irrigation Consumption (including LWV)



MINUTES OF THE REGULAR MEETING
& OF THE
ENGINEERING COMMITTEE MEETING

November 23, 2020

At approximately 9:35 a.m. Director Freshley called the meeting to order via Zoom.

Committee Members JOSE F. VERGARA, MARK MONIN, KATHRYN FRESHLEY, MIKE GASKINS, and KAY HAVENS participated.

Also participating were DENNIS P. CAFFERTY, General Manager, JUDY CIMORELL, Human Resources Manager, JASON HAYDEN, CFO, GILBERT J. GRANITO, General Counsel, SCOTT HOPKINS, Operations Superintendent, and BOBBY YOUNG, Principal Engineer.

POLLY WELSCH, Recording Secretary was absent.

Consent Calendar

Director Freshley asked for a Motion.

Motion: Vice President Gaskins made a motion, seconded by Director Vergara and unanimously carried across the Board to approve the Consent Calendar.

Roll Call Vote:

Director Havens	aye
Director Freshley	aye
Director Vergara	aye
Vice President Gaskins	aye
President Monin	aye

Engineering General Information Items

Capital Projects Status Report

Phase II Recycled Water Distribution System Expansion Project

Mr. Young stated that we are exploring the final sites near Gate 9 and have had discussions with the State and County of what they will agree to, and currently a consultant is preparing a package with specific direction from the State and we are hopeful that it will be a one-time review for final approval on the sites. He further stated that next steps would be looking into costs for the retrofit work as well as scheduling testing with the County.

Mr. Young stated that the East and West A sites are complete and approximately \$100,000 in rebates have been submitted and are pending.

Director Freshley asked about separating the sprinkler systems at VMS that are within their patios, will there be any exposure for us. Mr. Young replied that there has been collaboration between our recycled water coordinator, the residents, VMS and the State to identify what they are comfortable with and ultimately who is responsible for where recycled water is being applied to watering plants and the amount of exposure to each party.

Cal Trans

Mr. Young stated that the Los Alisos bridge will be reconstructed within the next few years, and the freeway is being widened. He further stated that some of our utilities will need to be relocated as a result of the freeway widening.

Mr. Young stated that Phase A was completed in October, and the remaining work can only be done in conjunction with the Cal Trans contractor, which will remove the existing retaining wall.

Dump Truck/Traffic Controller

Mr. Young stated that we have received the truck and Specialty Equipment is installing the truck body on the vehicle. He further stated that delivery is expected in December.

Oso Lift Station

Mr. Young stated that construction is underway and the contractor continues to move forward.

Joint Transmission Main Turnout Pump Station

Mr. Young stated that staff is working with JRWSS staff to perform an operations test on the line for information to feed into the hydraulic analysis as part of an upcoming preliminary design of a new turnout, of which we will be releasing an RFP to consultants soon.

Mr. Cafferty stated that staff discussed internally their experience with the functionality of the existing connection and limitations associated with the pressure available in the existing Joint Transmission Main, and it was their opinion that it doesn't work well for us at this time. Mr. Cafferty further stated that staff is preparing to perform operational tests to verify the capability of the existing system.

President Monin asked how often we fill the Reservoirs. Mr. Cafferty replied that the fill cycle is approximately once a week.

Director Freshley asked if we continually flow water through each of our Reservoirs. Mr. Cafferty replied that the water in these reservoirs is cycled on a fill and draw basis rather than as a continuous flow. Mr. Cafferty further stated that staff will provide more detail on the operation when reporting on the results of the operational tests.

Engineering Items Discussed at Various Conferences and Meetings

Director Freshley stated that she attended an ACWA conference on Power shutoff.

President Monin stated that at one of the MWDOC meetings they discussed Yorba Linda's Heli-Hydrant which provides firefighting helicopters access to water to the fire.

Comments Regarding Non-Agenda Engineering Committee Items

Mr. Cafferty stated that staff is considering the possibility of bond financing for capital projects.

Attorney Report

Mr. Granito reported that the Closed Session would be considered at tomorrow's Board meeting.

Regular Session

General Manager Compensation

There was no action taken at today's meeting.

Adjournment

At approximately 10:00 a.m. the Engineering Committee meeting was adjourned.

Respectfully submitted,

POLLY WELSCH
Recording Secretary

APPROVED:

MARK L. MONIN, President
of the El Toro Water District and the
Board of Directors thereof

DENNIS P. CAFFERTY, Secretary
of the El Toro Water District and the
Board of Directors thereof



STAFF REPORT

TO: BOARD OF DIRECTORS

MEETING DATE: December 14, 2020

FROM: Bobby Young, Principal Engineer

SUBJECT: Capital Project Status Report

I Phase II Recycled Water Distribution System Expansion Project

The remaining Phase II West (B) sites are in the process of review prior to submitting for Division of Drinking Water (DDW) review and approval. It is anticipated that a submittal will be made to DDW in January. Upon DDW approval, staff will evaluate contracting options for the remaining retrofit construction work.

II Caltrans I-5 Widening Project

The District's utility relocation construction efforts have been completed and reviewed by Caltrans. The District paid its contractor for all applicable work to date. Staff submitted invoices covering the work to Caltrans for payment.

The next phase of construction for the District's relocation efforts is scheduled for October 2021.

III Dump Truck / Traffic Control Truck Replacement

The updated expected delivery is before the end of December for the completed Dump Truck / Traffic Control Truck.

IV Oso Lift Station Improvement Project

Construction continues as the concrete base of the new wet well has been poured. While the concrete cures and gains full strength, the Contractor is proceeding with associated street work and other miscellaneous activities. The current project completion date is scheduled for summer of 2021 and the project remains on schedule at this time.



Project Milestone	Date
Start of Onsite Construction Activities	November 2, 2020
New Wet Well Base Pour	December 2, 2020
Anticipated End of Construction	July 2021



Capital Project Status Report
December 2020
Page 3

Financial Summary is as follows:

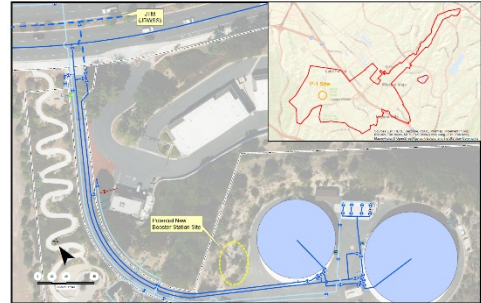
	Contract Amount	Billed to Date
Total Contract Bid Amount	\$1,954,236	\$ 90,256
Change Order 1 – VFDs	\$ 71,858	\$ 0
Change Order 2 – Generator Relocation	\$ 15,289	\$ 15,289
Specialty Inspections (Env., Geotech)	\$ 15,875	\$ 0
Eng. Services During Construction	\$ 84,000	\$ 43,365
Contingency	\$ 146,978	\$ 0
Total	\$2,288,236	\$ 148,910



V South Orange County Supply and System Reliability Projects

A. East Orange County Feeder No. 2 / Joint Transmission Main Turnout

Staff has begun an evaluation of the hydraulics associated with the existing connection to the Joint Transmission Main. The evaluation will include field testing, while taking flow from the existing connection, to evaluate the actual flow and pressure capabilities and limitations associated with the use of the District's existing capacity in the JTM. Staff is coordinating with the JTM Operators to put the system in service to facilitate the test. Preliminary efforts include flushing and bacteriological testing as well as planning efforts to define and document the test procedure and objectives.



**F.Y. 2020/21 CAPITAL REPLACEMENT AND REFURBISHMENT PROGRAM BUDGET ITEMS > \$50,000
BOARD APPROVAL SCHEDULE**

Project Description		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Budget Estimate	Board Approved Cost	
<i>2020/21 Capital Projects (reference number corresponds with Approved Budget item numbers)</i>																
1	R-2 Reservoir Interior Recoating		E	E	E	E	E	E	B	A	C			\$262,500		
2	R-2 Reservoir Exterior Recoating		E	E	E	E	E	E	B	A	C			\$80,000		
5	4920 Siphon Stabilization											E	E	\$150,000		
6	WRP Main Electrical Power Breaker Upgrade	(Deferred due to extended life from Maintenance service)												\$80,000	\$0	
10	Main Office / Field Office HVAC Replacement & Improvement Project	ET	E	E	E	P	P	B	A	C				\$157,500		
<i>2020/21 Capital Equipment (reference number corresponds with Approved Budget item numbers)</i>																
1	La Paz MCC and PLC Upgrade - Engineering	ET	ET	ET										\$140,000		
2	Aeration Basin No. 1 Diffusers	E	E					B	B	A	C	C	C	\$170,000		
4	Effluent Pump Station Pump Replacement								B	B	A	C	C	\$100,000		
<i>Carryover</i>																
	Oso Lift Station Improvement Project	C	C	C	C	C	C	C	C	C	C	C	C	\$1,000,000	\$1,954,322	
	Grit Chamber Rehab/Re-Coating			E	E	E	E	B	A	C	C	C		\$85,000		
	OOPS Emergency Generator Replacement	E	E	E	E	E	B	A	C	C				\$220,000		
	R-6 Floating Cover Replacement Project				RFP	RFP	RFP	RFP	ET	A	E	E	E			
	Caltrans Widening Utility Relocations	C	C	C	C										\$769,777	
	Clarifier No. 3 and 4 Scum Pump Station									B	B	A/O	C	\$80,000		
	Master Plan Update	RFP	RFP											\$350,000		
														Total	\$2,875,000	\$2,724,099

E = Engineering/Study
C = Construction
O = Order
N = Negotiate

R = Receive
P = Permit
CQ = CEQA
CO = Carry Over

RFP = Request for Proposal
B = Bid
A = Approve by Board
L = Legal

ET = Evaluate
M = Monitoring
BP = Board Presentation

EL TORO WATER DISTRICT

Glossary of Water Terms

Accumulated overdraft: The amount of water necessary to be replaced in the intake area of the groundwater basin to prevent the landward movement of ocean water into the fresh groundwater body.

Acre-foot, AF: A common water industry unit of measurement. An acre-foot is 325,851 gallons, or the amount of water needed to cover one acre with water one foot deep. An acre-foot serves annual needs of two typical California families.

ACWA: Association of California Water Agencies.
A statewide group based in Sacramento that actively lobbies State and Federal Government on water issues.

Advanced treatment: Additional treatment processes used to clean wastewater even further following primary and secondary treatment. Also known as tertiary treatment.

AFY: Acre-foot per year.

Alluvium: A stratified bed of sand, gravel, silt, and clay deposited by flowing water.

AMP: Allen McCulloch pipeline.

Major pipeline transporting treated water to water districts between Yorba Linda, where it starts to El Toro Water District reservoir, where it terminates.

Annexation: The inclusion of land within a government agency's jurisdiction.

Annual overdraft: The quantity by which the production of water from the groundwater supplies during the water year exceeds the natural replenishment of such groundwater supplies during the same water year.

Aqueduct: A man-made canal or pipeline used to transport water.

Aquifer: An underground geologic formation of rock, soil or sediment that is naturally saturated with water; an aquifer stores groundwater.

Arid: Dry; deserts are arid places. Semi-arid places are almost as dry as a desert.

Artesian: An aquifer in which the water is under sufficient pressure to cause it to rise above the bottom of the overlying confining bed, if the opportunity is provided.

Artificial recharge: The addition of surface water to a groundwater reservoir by human activity, such as putting surface water into recharge basins. (See also: groundwater recharge and recharge basin.)

AWWA American Water Works Association
Nationwide group of public and private water purveyors and related industrial suppliers.

Base flow: The portion of river surface flow which remains after deduction of storm flow and/or purchased imported water.

Bay-Delta: The Sacramento-San Joaquin Bay-Delta is a unique natural resource of local, state and national significance. The Delta is home to more than 500,000 people; contains 500,000 acres of agriculture; provides habitat for 700 native plant and animal species; provides water for more than 25 million Californians and 3 million acres of agriculture; is traversed by energy, communications and transportation facilities vital to the economic health of California; and supports a \$400 billion economy.

BIA: Building Industry Association.

Biofouling: The formation of bacterial film (biofilm) on fragile reverse osmosis membrane surfaces.

Biosolids: Solid organic matter recovered from a sewage treatment process and used especially as fertilizer.

BMP: Best Management Practice. An engineered structure or management activity, or combination of these, that eliminates or reduces adverse environmental effects.

Brackish water: A mixture of freshwater and saltwater.

Brown Act: Ralph M. Brown Act enacted by the State legislature governing all meetings of legislative bodies. Also known as the Open Meeting requirements.

Canal: A ditch used to move water from one location to another.

CASA: California Association of Sanitation Agencies The sanitation equivalent of ACWA concerned solely with issues affecting the treatment and disposal of solid waste and wastewater.

CEQA: California Environmental Quality Act.

CERCLA: Comprehensive Environmental Response, Compensation and Liability Act. This federal law establishes the Superfund program for hazardous waste sites. It provides the legal basis for the United States EPA to regulate and clean up hazardous waste sites, and if appropriate, to seek financial compensation from entities responsible for the site.

CFS: Cubic feet per second.

Chloramines: A mixture of ammonia and chlorine used to purify water.

Clarify: To make clear or pure by separation and elimination of suspended solid material.

Coagulation: The clumping together of solids so they can more easily be settled out or filtered out of water. A chemical called aluminum sulfate (alum) is generally used to aid coagulation in water treatment and reclamation.

Coastkeepers: A non-profit organization dedicated to the protection and preservation of the marine habitats and watersheds of Orange County through programs of education, restoration, enforcement and advocacy.

Colored water: Groundwater extracted from the basin that is unsuitable for domestic use without treatment due to high color and odor exceeding drinking water standards.

Condensation: The process of water vapor (gas) changing into liquid water. An example of condensation can be seen in the tiny water droplets that form on the outside of a glass of iced tea as warmer air touches the cooler glass.

Confined aquifer: An aquifer that is bound above and below by dense layers of rock and contains water under pressure.

Conjunctive use: Storing imported water in a local aquifer, in conjunction with groundwater, for later retrieval and use.

Contaminate: To make unclean or impure by the addition of harmful substances.

CPCFA: California Pollution Control Financing Authority. State agency providing funds for wastewater reclamation projects.

Crisis:

1. **a:** The turning point for better or worse **b:** a paroxysmal attack of pain, distress, or disordered function **c:** an emotionally significant event or radical change of status in a person's life <a midlife *crisis*>
2. The decisive moment (as in a literary plot)
3. **a:** An unstable or crucial time or state of affairs in which a decisive change is impending; *especially* : one with the distinct possibility of a highly undesirable outcome <a financial *crisis*> **b:** a situation that has reached a critical phase

CTP Coastal Treatment Plant

CWPCA California Water Pollution Control Association. A 7000 member non-profit educational organization dedicated to water pollution control.

Dam: A barrier built across a river or stream to hold water.

Decompose: To separate into simpler compounds, substances or elements.

Deep percolation: The percolation of surface water through the ground beyond the lower limit of the root zone of plants into a groundwater aquifer.

Degraded water: Water within the groundwater basin that, in one characteristic or another, does not meet primary drinking water standards.

Delta: Where the rivers empty; an outlet from land to ocean, also where the rivers deposit sediment they carry forming landforms.

Delta Vision: Delta Vision is intended to identify a strategy for managing the Sacramento-San Joaquin Delta as a sustainable ecosystem that would continue to support environmental and economic functions that are critical to the people of California.

Demineralize: To reduce the concentrations of minerals from water by ion exchange, distillation, electro-dialysis, or reverse osmosis.

De-nitrification: The physical process of removing nitrate from water through reverse osmosis, microfiltration, or other means.

Desalting (or desalination): Removing salts from salt water by evaporation or distillation. Specific treatment processes, such as reverse osmosis or multi-stage flash distillation, to demineralize seawater or brackish (saline) waters for reuse. Also sometimes used in wastewater treatment to remove salts other pollutants.

Desilting: The physical process of removing suspended particles from water.

Dilute: To lessen the amount of a substance in water by adding more water.

Disinfection: Water treatment which destroys potentially harmful bacteria.

Drainage basin: The area of land from which water drains into a river, for example, the Sacramento River Basin, in which all land area drains into the Sacramento River. Also called catchment area, watershed, or river basin.

Drought: A prolonged period of below-average precipitation.

DPHS: California Department of Public Health Services. Regulates public water systems; oversees water recycling projects; permits water treatment devices; certifies drinking water treatment and distribution operators; supports and promotes water system security; provides support for small water systems and for improving technical, managerial, and financial (TMF) capacity; provides funding opportunities for water system improvements.

DVL: Diamond Valley Lake. Metropolitan's major reservoir near Hemet, in southwestern Riverside County.

DWR: California Department of Water Resources. Guides development/management of California's water resources; owns/operates State Water Project and other water facilities.

Endangered Species: A species of animal or plant threatened with extinction.

Endangered Species Act of 1973 (ESA): The most wide-ranging of the dozens of United States environmental laws passed in the 1970s. As stated in section 2 of the act, it was designed to protect critically imperiled species from extinction as a "consequence of economic growth and development untended by adequate concern and conservation.

Ecosystem: Where living and non-living things interact (coexist) in order to survive.

Effluent: Wastewater or other liquid, partially or completely treated or in its natural state, flowing from a treatment plant.

Evaporation: The process that changes water (liquid) into water vapor (gas).

Estuary: Where fresh water meets salt water.

Evapotranspiration: The quantity of water transpired (given off), retained in plant tissues, and evaporated from plant tissues and surrounding soil surface. Quantitatively, it is expressed in terms of depth of water per unit area during a specified period of time.

FCH Federal Clearing House – Environmental Review/Processing

FEMA Federal Emergency Management Agency

Filtration: The process of allowing water to pass through layers of a porous material such as sand, gravel or charcoal to trap solid particles. Filtration occurs in nature when rain water soaks into the ground and it passes through hundreds of feet of sand and gravel. This same natural process of filtration is duplicated in water and wastewater treatment plants, generally using sand and coal as the filter media.

Flocculation: A chemical process involving addition of a coagulant to assist in the removal of turbidity in water.

Forebay: A reservoir or pond situated at the intake of a pumping plant or power plant to stabilize water level; also, a portion of a groundwater basin where large quantities of surface water can recharge the basin through infiltration.

Gray water reuse: Reuse, generally without treatment, of domestic type wastewater for toilet flushing, garden irrigation and other non-potable uses. Excludes water from toilets, kitchen sinks, dishwashers, or water used for washing diapers.

Green Acres Project (GAP): A 7.5 million gallons per day (MGD) water reclamation project that serves tertiary treated recycled water to irrigation and industrial users in Costa Mesa, Fountain Valley, Huntington Beach, Newport Beach, and Santa Ana.

God Squad: A seven-member committee that is officially called the "Endangered Species Committee". Members consist of Secretary of the Interior, the Secretary of Agriculture, the Secretary of the Army, the Chairman of the Council of Economic Advisers, the Administrator of the National Oceanic and Atmospheric Administration and one individual from the affected state. The squad was established in 1978 by an amendment to the 1973 Endangered Species Act (ESA). It has only been called into action three times to deal with proposed federal agency actions that have been determined to cause "jeopardy" to any listed species. Such actions may receive an exemption from the ESA if five members of the committee determine that the action is of regional or national significance, that the benefits of the action clearly outweigh the benefits of conserving the species and that there are no reasonable and prudent alternatives to the action.

Groundwater: Water that has percolated into natural, underground aquifers; water in the ground, not water puddled on the ground.

Groundwater basin: A groundwater reservoir defined by the overlying land surface and the underlying aquifers that contain water stored in the reservoir. Boundaries of success-ively deeper aquifers may differ and make it difficult to define the limits of the basin.

Groundwater mining: The withdrawal of water from an aquifer in excess of recharge over a period of time. If continued, the underground supply would eventually be exhausted or the water table could drop below economically feasible pumping lifts.

Groundwater overdraft: The condition of a groundwater basin in which the amount of water withdrawn by pumping exceeds the amount of water that recharges the basin over a period of years during which water supply conditions approximate average.

Groundwater recharge: The action of increasing groundwater storage by natural conditions or by human activity. See also: Artificial recharge.

Ground Water Replenishment System (GWRS): A joint project of the Orange County Water District and the Orange County Sanitation District that will provide up to 100,000 acre-feet of reclaimed water annually. The high-quality water will be used to expand an existing underground seawater intrusion barrier and to replenish the groundwater basin underlying north and central Orange County.

Groundwater table: The upper surface of the zone of saturation (all pores of subsoil filled with water), except where the surface is formed by an impermeable body.

GPM: Gallons per minute.

Ground Water Replenishment System (GWRS): Orange County Water District's state-of-the-art, highly advanced, waste-water treatment facility.

Hydrologic balance: An accounting of all water inflow to, water outflow from, and changes in water storage within a hydrologic unit over a specified period.

Hydrologic cycle: The process of water constantly circulating from the ocean, to the atmosphere, to the earth in a form of precipitation, and finally returning to the ocean.

Imported water: Water that has originated from one hydrologic region and is transferred to another hydrologic region.

Inflatable rubber dams: Designed to replace temporary sand levees that wash out during heavy storm flow, the dams hold back high-volume river flows and divert the water into the off-river system for percolation.

Influent: Water or wastewater entering a treatment plant, or a particular stage of the treatment process.

Irrigation: Applying water to crops, lawns or other plants using pumps, pipes, hoses, sprinklers, etc.

JPIA Joint Powers Insurance Authority. A group of water agencies providing self-insurance to members of the ACWA.

LAIF Local Agency Investment Fund. Statewide pool of surplus public agency money managed by State Treasurer.

Leach: To remove components from the soil by the action of water trickling through.

MAF: Million acre feet.

MCL: Maximum contaminant level set by EPA for a regulated substance in drinking water. According to health agencies, the maximum amount of a substance that can be present in water that's safe to drink and which looks, tastes and smells good.

MET: Metropolitan Water District of Southern California.

MGD: Million gallons per day.

Microfiltration: A physical separation process where tiny, hollow filaments members separate particles from water.

Microorganism: An animal or plant of microscopic size.

MWD: Metropolitan Water District of Southern California.

MWDOC: Municipal Water District of Orange County. Intermediate wholesaler between MWD and 27 member agencies including ETWD.

Non-point source pollution: Pollution that is so general or covers such a wide area that no single, localized source of the pollution can be identified.

NPDES National Pollution Discharge Elimination System

OCBC: Orange County Business Council.

OCEMA Orange County Environmental Management Agency

OCWD: Orange County Water District.

Opportunity:

1. A favorable juncture of circumstances.
2. A good chance for advancement or progress .

Organism: Any individual form of life, such as a plant, animal or bacterium.

PCM Professional Community Management, Inc. Property Management company providing services to Laguna Woods Village and other homeowner associations.

Perched groundwater: Groundwater supported by a zone of material of low permeability located above an underlying main body of groundwater with which it is not hydrostatically connected.

Percolation: The downward movement of water through the soil or alluvium to the groundwater table.

Permeability: The capability of soil or other geologic formations to transmit water.

Point source: A specific site from which waste or polluted water is discharged into a water body, the source of which is identified. See also: non-point source.

Potable water: Suitable and safe for drinking.

PPB: Parts per billion.

Precipitation: Water from the atmosphere that falls to the ground as a liquid (rain) or a solid (snow, sleet, hail).

Primary treated water: First major treatment in a wastewater treatment facility, usually sedimentation but not biological oxidation.

Primary treatment: Removing solids and floating matter from wastewater using screening, skimming and sedimentation (settling by gravity).

Prior appropriation doctrine: Allocates water rights to the first party who diverts water from its natural source and applies the water to beneficial use. If at some point the first appropriator fails to use the water beneficially, another person may appropriate the water and gain rights to the water. The central principle is beneficial use, not land ownership.

Pumping Plant: A facility that lifts water up and over hills.

Recharge: The physical process where water naturally percolates or sinks into a groundwater basin.

Recharge basin: A surface facility, often a large pond, used to increase the infiltration of surface water into a groundwater basin.

Reclaimed wastewater: Wastewater that becomes suitable for a specific beneficial use as a result of treatment. See also: wastewater reclamation.

Reclamation project: A project where water is obtained from a sanitary district or system and which undergoes additional treatment for a variety of uses, including landscape irrigation, industrial uses, and groundwater recharge.

Recycling: A type of reuse, usually involving running a supply of water through a closed system again and again. Legislation in 1991 legally equates the term "recycled water" to reclaimed water.

Reservoir: A place where water is stored until it is needed. A reservoir can be an open lake or an enclosed storage tank.

Reverse osmosis: (RO) A method of removing salts or other ions from water by forcing water through a semi-permeable membrane.

RFP Request for Proposal

Riparian: Of or on the banks of a stream, river, or other body of water.

RO: Reverse osmosis. See the listing under "reverse osmosis."

R-O-W Right-of-way

Runoff: Liquid water that travels over the surface of the Earth, moving downward due to gravity. Runoff is one way in which water that falls as precipitation returns to the ocean.

RWQCB Regional Water Quality Control Board. State agency regulating discharge and use of recycled water.

Safe Drinking Water Act (SDWA): The Safe Drinking Water Act (SDWA) was originally passed by Congress in 1974 to protect public health by regulating the nation's public drinking water supply. The law was amended in 1986 and 1996 and requires many actions to protect drinking water and its sources: rivers, lakes, reservoirs, springs, and ground water wells. (SDWA does not regulate private wells which serve fewer than 25 individuals.) SDWA authorizes the United States Environmental Protection Agency (US EPA) to set national health-based standards for drinking water to protect against both naturally-occurring and man-made contaminants that may be found in drinking water. US EPA, states, and water systems work together to make sure that these standards are met.

Safe yield: The maximum quantity of water that can be withdrawn from a groundwater basin over a long period of time without developing a condition of overdraft, sometimes referred to as sustained yield.

SAFRA Santa Ana River Flood Protection Agency

Salinity: Generally, the concentration of mineral salts dissolved in water. Salinity may be measured by weight (total dissolved solids - TDS), electrical conductivity, or osmotic pressure. Where seawater is known to be the major source of salt, salinity is often used to refer to the concentration of chlorides in the water.

SAWPA: Santa Ana Watershed Project Authority.

SCADA Supervisory Control and Data Acquisition

SCAP Southern California Alliance of Publicly. Newly formed group of public agencies seeking reasonable regulation of sewer industry.

SCH State Clearing House – Environmental Review/Processing

Seasonal storage: A three-part program offered by Metropolitan Water District of Southern California:

STSS (Short Term Seasonal Storage) financially encourages agencies with local groundwater production capabilities to produce a higher percentage of their demand in the summer from their local groundwater supplies, thus shifting a portion of their demand on the MWD system from the summer to winter;

LTSS (Long Term Seasonal Storage) financially encourages retail agencies to take and store additional amounts of MWD water above their normal annual demands for later use; Replenishment Water provides less expensive interruptible water that is generally available and used to increase the operating yield of groundwater basins.

Seawater intrusion: The movement of salt water into a body of fresh water. It can occur in either surface water or groundwater basins.

Seawater barrier: A physical facility or method of operation designed to prevent the intrusion of salt water into a body of freshwater.

Secondary treatment: The biological portion of wastewater treatment which uses the activated sludge process to further clean wastewater after primary treatment. Generally, a level of treatment that produces 85 percent removal efficiencies for biological oxygen demand and suspended solids. Usually carried out through the use of trickling filters or by the activated sludge process.

Sedimentation: The settling of solids in a body of water using gravity.

Settle: To clarify water by causing impurities/solid material to sink to a container's bottom.

Sewer: The system of pipes that carries wastewater from homes and businesses to a treatment plant or reclamation plant. Sewers are separate from storm drains, which is a system of drains and pipes that carry rain water from urban streets back to the ocean. Overwatering your yard can also cause water to run into the streets and into storm drains. Storm drain water is not treated before it is discharged.

SigAlert: Any unplanned event that causes the closing of one lane of traffic for 30 minutes or more, as opposed to a planned event, like road construction, which is planned.

SJBA San Juan Basin Authority

Sludge: The solids that remain after wastewater treatment. This material is separated from the cleaned water, treated and composted into fertilizer. Also called biosolids.

SOCWA South Orange County Wastewater Authority. Regional Joint Powers Authority formed for collection and treatment of sewerage (previously known as AWMA/SERRA/SOCRA). SOCWA member agencies:

CSC – City of San Clemente

CSJC – City of San Juan Capistrano

CLB – City of Laguna Beach

ETWD – El Toro Water District

EBSD – Emerald Bay Service District

IRWD – Irvine Ranch Water District

MNWD – Moulton Niguel Water District

SCWD – South Coast Water District

SMWD – Santa Margarita Water District

TCWD – Trabuco Canyon Water District

SRF State Revolving Fund

Storm Drain: The system of pipes that carries rain water from urban streets back to the ocean. Overwatering your yard can also cause water to run into the streets and into storm drains. Storm drain

water is not treated before it is discharged. Storm drains are separate from sewers, which is a separate system of pipes to carry wastewater from homes and businesses to a treatment plant or reclamation plant for cleaning.

Storm flow: Surface flow originating from precipitation and run-off which has not percolated to an underground basin.

SWP: State Water Project. An aqueduct system that delivers water from northern California to central and southern California.

SWRCB State Water Resources Control Board

TDS: Total dissolved solids. A quantitative measure of the residual minerals dissolved in water that remain after evaporation of a solution. Usually expressed in milligrams per liter.

Tertiary treatment: The treatment of wastewater beyond the secondary or biological stage. Normally implies the removal of nutrients, such as phosphorous and nitrogen, and a high percentage of suspended solids.

THM: Trihalomethanes. Any of several synthetic organic compounds formed when chlorine or bromine combine with organic materials in water.

TMA: Too many acronyms.

TMDL: Total maximum daily load; A quantitative assessment of water quality problems, contributing sources, and load reductions or control actions needed to restore and protect bodies of water.

Transpiration: The process in which plant tissues give off water vapor to the atmosphere as an essential physiological process.

Turbidity: Thick or opaque with matter in suspension; muddy water.

Ultraviolet light disinfection: A disinfection method for water that has received either secondary or tertiary treatment used as an alternative to chlorination.

VE Value Engineering

VOC: Volatile organic compound; a chemical compound that evaporates readily at room temperature and contains carbon.

Wastewater: Water that has been previously used by a municipality, industry or agriculture and has suffered a loss of quality as a result.

Water Cycle: The continuous process of surface water (puddles, lakes, oceans) evaporating from the sun's heat to become water vapor (gas) in the atmosphere. Water condenses into clouds and then falls back to earth as rain or snow (precipitation). Some precipitation soaks into the ground (percolation) to replenish groundwater supplies in underground aquifers.

Water rights: A legally protected right to take possession of water occurring in a natural waterway and to divert that water for beneficial use.

Water-use Efficiency: The water requirements of a particular device, fixture, appliance, process, piece of equipment, or activity.

Water year (USGS): The period between October 1st of one calendar year to September 30th of the following calendar year.

Watermaster: A court appointed person(s) that has specific responsibilities to carry out court decisions pertaining to a river system or watershed.

Water Reclamation: The treatment of wastewater to make it suitable for a beneficial reuse, such as landscape irrigation. Also called water recycling.

Watershed: The total land area that from which water drains or flows to a river, stream, lake or other body of water.

Water table: The top level of water stored underground.

WEF Water Environment Federation. Formerly – Water Pollution Control Federation (WPCF). International trade group advising members of sewage treatment techniques and their effect on the environment.

Weir box: A device to measure/control surface water flows in streams or between ponds.

Wellhead treatment: Water quality treatment of water being produced at the well site.

Wetland: Any area in which the water table stands near, at, or above the land surface for a portion of the year. Wetlands are characterized by plants adapted to wet soil conditions.

Xeriscape: Landscaping that requires minimal water.