

# **CITY OF RIPON MONEY PURCHASE THRIFT PENSION PLAN**

**Amended And Restated July 1, 2013**

**CITY OF RIPON  
MONEY PURCHASE THRIFT PENSION PLAN**

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**CITY OF RIPON**  
**MONEY PURCHASE THRIFT PENSION PLAN**

The City of Ripon (Employer) hereby amends and restates the City Of Ripon Money Purchase Thrift Pension Plan for the exclusive benefit of its eligible employees and their beneficiaries.

**RECITALS**

- A. On or about July 31, 1970, the Employer adopted a qualified retirement plan and trust (Predecessor Plan).
- B. On May 18, 1982, and July 1, 1988, the Predecessor Plan was amended and restated in various forms as the City Of Ripon Money Purchase Thrift Pension Plan (Plan).
- C. The Plan is a deferred compensation plan that is an income tax qualified plan pursuant to section 401(a) of the Internal Revenue Code of 1986, as amended (Code), that is funded through a trust that is exempt from taxation under Code section 501(a) as part of such a plan.
- D. The Plan was amended on February 21, 1995 to allow the Employer to "pick up" all mandatory contributions pursuant to Code section 414(h)(2).
- E. The Employer amended and restated the Plan on June 18, 2002 to comply with the qualification requirements of the Internal Revenue Code (Code) as amended by the Uniformed Services Employment And Reemployment Rights Act of 1994 (USERRA), Uruguay Round Agreements Act of 1994 (GATT), Small Business Job Protection Act of 1996 (SBJPA), Taxpayer Relief Act of 1997 (TRA '97), IRS Restructuring And Reform Act of 1998 (IRRA '98), Community Renewal Tax Relief Act of 2000 (CRA), the proposed Treasury Regulations under Code section 401(a)(9) published on January 17, 2000, the Economic Growth And Tax Relief Reconciliation Act of 2001 (EGTRRA) and applicable Treasury Regulations issued thereunder.
- F. The Employer amended the Plan on May 6, 2003, effective July 1, 1997, to make certain technical changes requested by the IRS in connection with the application for a favorable determination letter on the Plan's tax qualified status.
- G. The Employer amended the Plan on June 23, 2005 in accordance with the final regulations under Code section 401(a)(9), published April 16, 2002, relating to required minimum distributions and in connection with

an application to the IRS under the Voluntary Correction Program relating to the untimely adoption of the amendment.

- H. The Employer amended the Plan on June 23, 2005 to reduce the dollar amount of involuntary cash-out distributions of terminated participants made on or after March 28, 2005, from five thousand dollars (\$5,000) to one thousand dollars (\$1,000).
- I. The Employer amended the Plan effective July 1, 2007 to (i) reduce the eligibility requirement to six (6) months of consecutive service with monthly entry dates, (ii) limit the number of loans a participant may have outstanding at any time to two (2), and (iii) provide for mandatory rollovers without a participant's consent for account balances that are greater than one thousand dollars (\$1,000) but do not exceed five thousand dollars (\$5,000).
- J. The Employer subsequently amended the Plan effective as of July 1, 2008 to conform to changes in the law including:
  - 1. The provisions of the Pension Protection Act of 2006;
  - 2. The final Treasury regulations under Code section 415 published on April 5, 2007; and
  - 3. The provisions of the Heroes Earnings Assistance and Relief Tax Act of 2008.
- K. The Internal Revenue Service issued a favorable determination letter with respect to the Plan's tax-qualified status on May 6, 2011.
- L. The Employer now wishes to amend and restate the Plan (i) to comply with the applicable provisions of the Worker, Retiree, and Employer Recovery Act of 2008 (WRERA); (ii) to comply with the applicable provisions of the California Public Employees' Pension Reform Act of 2013 (PEPRA); and (iii) to submit the Plan to the Internal Revenue Service during Cycle C requesting the issuance of a favorable determination letter with respect to the Plan's tax-qualified status.

## OPERATIVE PROVISIONS

Now, therefore, the Employer hereby amends and restates the Plan upon the following terms and conditions:

### ARTICLE 1. GENERAL

1.01. Plan Name.

The name of the Plan shall be the "City Of Ripon Money Purchase Thrift Pension Plan."

1.02. Effective Date.

Except as otherwise indicated, the effective date of the Plan as amended and restated is July 1, 2013.

1.03. Exclusive Benefit.

It is the intention of the Employer that the Plan and the Trust are created and maintained for the exclusive benefit of the Employer's eligible Employees and their Beneficiaries.

1.04. Income Tax And ERISA Status.

This Plan and the Trust are intended to qualify under Code sections 401(a) and 501(a). The Plan is intended to be a governmental plan that is exempt from the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). However, the Plan is subject to the fiduciary standards set forth in Article 16 of the California Constitution and in the California Government Code applicable to Code section 401(a) plans.

1.05. Plan Administrator.

The person(s), individual(s) or committee appointed by the Employer shall be the Administrator of the Plan. The Administrator may engage the services of one or more third parties to assist the Administrator with the administration of the Plan.

1.06. Assets Held In Trust.

In accordance with the Code, all contributions under the Plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights, shall be held in trust for

the exclusive benefit of the participating Employees and their Beneficiaries.

1.07. Defined Terms.

All initially capitalized terms (other than headings) are defined terms and will be defined in the General Definitions article.

ARTICLE 2. GENERAL DEFINITIONS

For purposes of the Plan, the following definitions shall apply:

2.01. Account.

"Account" means the following separate accounts maintained by the Administrator on behalf of a Participant:

A. Mandatory Contributions Account.

"Mandatory Contributions Account" means the account maintained by the Administrator for each Participant representing Mandatory Contributions made by the Participant, if any, adjusted for withdrawals, income, expenses and realized and unrealized gains and losses attributable thereto.

B. Regular Account.

"Regular Account" means the account maintained by the Administrator for each Participant representing Employer Contributions, if any, and forfeitures added thereto, if any, adjusted for withdrawals, income, expenses, and realized and unrealized gains and losses attributable thereto.

C. Voluntary Account.

"Voluntary Account" means the account maintained by the Administrator for each Participant representing Voluntary Contributions made by the Participant, if any, adjusted for withdrawals, income, expenses and realized and unrealized gains and losses attributable thereto.

D. Matching Account.

"Matching Account" means the account maintained by the Administrator for each Participant representing Matching Contributions made by the Participant, if any, adjusted for

withdrawals, income, expenses and realized and unrealized gains and losses attributable thereto.

E. Rollover Account.

"Rollover Account" means the account maintained by the Administrator for each Participant representing the rollover of distributions received by the Participant from another plan, if any, or the direct transfer of an Eligible Rollover Distribution (excluding rollover contributions from a Roth elective account) from another plan, if any, adjusted for withdrawals, income, expenses and realized and unrealized gains and losses attributable thereto.

2.02. Account Balance.

"Account Balance" for purposes of the Payment Of Death Benefits section, below, means the balance of the Participant's Account as of the last Valuation Date in the Valuation Calendar Year increased by the amount of any contributions made and allocated or forfeitures allocated to the balance of the Participant's Account 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.

2.03. Administrator.

"Administrator" means the person(s), individual(s) or committee appointed by the Employer from time to time with authority and responsibility to manage and direct the operation and administration of the Plan. If the Employer does not appoint an Administrator, the Employer shall be the Administrator.

2.04. Allocation Date.

"Allocation Date" means the last day of each pay period during the Plan Year.

2.05. Beneficiary.

"Beneficiary" means any one or more person(s) entitled under the provisions of the Plan to receive benefits after the death of a Participant.



2.06. Break In Service.

"Break In Service" means a twelve (12) consecutive month period in which a Participant does not complete more than five hundred (500) Hours Of Service with the Employer. An Employee shall not incur a Break In Service for the Plan Year in which the Employee becomes a Participant, dies or terminates employment after Normal Retirement Age or suffers a Disability. Solely for the purpose of determining whether a Participant has incurred a Break In Service, Hours Of Service shall be recognized for an "authorized leave of absence" and a "maternity or paternity leave of absence." "Authorized leave of absence" means an unpaid, temporary cessation from active employment with the Employer pursuant to an established nondiscriminatory policy, whether occasioned by illness, military service or any other reason. A "maternity or paternity leave of absence" shall mean an absence from work for any period by reason of the Employee's pregnancy, birth of the Employee's child, placement of a child with the Employee in connection with the adoption of such child by the Employee, or any absence for the purpose of caring for such child for a period immediately following such birth or placement. For this purpose, Hours Of Service shall be credited for the computation period in which the absence from work begins only if credit therefor is necessary to prevent the Employee from incurring a Break In Service, or, in any other case, in the immediately following computation period. The Hours Of Service credited for a maternity or paternity leave of absence shall be those which would normally have been credited but for such absence, or, in any case in which the Administrator is unable to determine such hours normally credited, eight (8) Hours Of Service per day. The total Hours Of Service required to be credited for a maternity or paternity leave of absence shall not exceed five hundred one (501).

2.07. Code.

"Code" means the Internal Revenue Code of 1986, as it may be amended from time to time.

2.08. Compensation And 415 Compensation.

The terms "Compensation" and "415 Compensation" are defined in this section.



A. Compensation.

Except as otherwise provided, "Compensation" means:

1. Federal Withholding Wages.

"Compensation" means an Employee's wages within the meaning of Code section 3401(a) for the purposes of income tax withholding at the source but determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Code section 3401(a)(2)).

2. Exclusions From Compensation.

"Compensation" shall exclude:

- a. Reimbursements or other expense allowances, fringe benefits (cash or noncash), moving expenses, deferred compensation, and welfare benefits, even if includible in gross income;
- b. Overtime;
- c. Commissions;
- d. Discretionary bonuses; and
- e. Employee contributions described in Code section 414(h)(2) that are treated as Employer contributions.

3. Additions To Compensation.

"Compensation" shall also include any amount which is contributed by the Employer pursuant to a salary reduction agreement and which is not includible in the gross income of the Employee under Code section 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k) or 457(b).

4. Compensation While A Participant.

For the purpose of determining contributions under the Plan, Compensation shall include only amounts that were earned while the Employee is a Participant.

5. Inclusion Of Differential Wage Payments.

"Compensation" shall include differential wage payments to Participants on active duty to the extent required by the provisions of Code section 414(u)(12)(A)(ii), the Treasury regulations thereunder and any subsequent guidance issued under Code section 414(u)(12)(A)(ii).

6. Payments After Severance From Employment.

"Compensation" shall not include any amounts paid after the Employee has a Severance From Employment, as described in Treasury regulations section 1.415(c)-2(e)(3), except for payments to an individual who does not currently perform services for the Employer by reason of qualified military service (within the meaning of Code section 414(u)(1)) to the extent these payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the Employer rather than entering qualified military service.

B. 415 Compensation.

Except as otherwise provided, "415 Compensation" means:

1. 415 Compensation In General.

a. "415 Compensation" means remuneration for services of the following types:

- (1) The Employee's wages, salaries, fees for professional services, and other amounts received (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with the Employer to the extent that the amounts are includible in gross income (or to the extent amounts would have been includible in gross income but for an election under Code section 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k) or 457(b)), including, but not limited to, commissions paid to salespersons, compensation for services on the basis of a percentage of profits, commissions on

insurance premiums, tips, bonuses, fringe benefits, and reimbursements or other expense allowances under a nonaccountable plan as described in Treasury regulations section 1.162-2(c);

- (2) In the case of an Employee who is an employee within the meaning of Code section 401(c)(1) and the Treasury regulations promulgated thereunder, the Employee's earned income (as described in Code section 401(c)(2) and the Treasury regulations promulgated thereunder), plus amounts deferred at the election of the Employee that would be includible in gross income but for the rules of Code section 402(e)(3), 402(h)(1)(B), 402(k) or 457(b);
- (3) Amounts described in Code section 104(a)(3), 105(a) or 105(h), but only to the extent that these amounts are includible in the gross income of the Employee;
- (4) Amounts paid or reimbursed by the Employer for moving expenses incurred by the Employee, but only to the extent that at the time of the payment it is reasonable to believe that these amounts are not deductible by the Employee under Code section 217;
- (5) The value of a nonstatutory option (which is an option other than a statutory option as defined in Treasury regulations section 1.421-1(b)) granted to the Employee by the Employer, but only to the extent that the value of the option is includible in the gross income of the Employee for the taxable year in which granted;
- (6) The amount includible in the gross income of the Employee upon making the election described in Code section 83(b); and

- (7) Amounts that are includible in the gross income of the Employee under the rules of Code section 409A or 457(f)(1)(A) or because the amounts are constructively received by the Employee.

b. "415 Compensation" does not include:

- (1) Contributions (other than elective contributions described in Code section 402(e)(3), 408(k)(6), 408(p)(2)(A)(i), or 457(b)) made by the Employer to a plan of deferred compensation (including a simplified employee pension described in Code section 408(k) or a simple retirement account described in Code section 408(p), and whether or not qualified) to the extent that the contributions are not includible in the gross income of the Employee for the taxable year in which contributed;
- (2) Any distributions from a plan of deferred compensation (whether or not qualified) regardless of whether such amounts are includible in the gross income of the Employee when distributed;
- (3) Amounts realized from the exercise of a nonstatutory option (which is an option other than a statutory option as defined in Treasury regulations section 1.421-1(b)) or when restricted stock or other property held by the Employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture under Code section 83 and the Treasury regulations promulgated thereunder;
- (4) Amounts realized from the sale, exchange or other disposition of stock acquired under a statutory stock option (as defined in Treasury regulations section 1.421-1(b));
- (5) 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 gross income of the Employee and are not salary reduction amounts that are described in Code section 125); and

- (6) Other items of remuneration that are similar to any of the items listed above in this subparagraph.

2. Differential Wage Payments.

"415 Compensation" shall include differential wage payments to Participants on active duty to the extent required by the provisions of Code section 414(u)(12)(A)(ii), the Treasury regulations thereunder and any subsequent guidance issued under Code section 414(u)(12)(A)(ii).

3. Payments After Severance From Employment.

"415 Compensation" includes amounts paid after the Employee's Severance From Employment if paid by the later of (i) two and one-half (2-1/2) months after the Employee's Severance From Employment, or (ii) the end of the Limitation Year that includes the date of the Employee's Severance From Employment subject to the following requirements:

- a. The payment is regular compensation for services during the Employee's regular working hours, or compensation for services outside the Employee's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments and the payment would have been made to the Employee prior to a Severance From Employment if the Employee had continued in employment with the Employer.
- b. "415 Compensation" shall include all payments to an individual who does not currently perform services for the Employer by reason of qualified military service (within the meaning of Code section 414(u)(1)) to the extent these payments do not exceed the amounts the individual would have received if the individual had continued to perform

services for the Employer rather than entering qualified military service.

4. Disability 415 Compensation.

In addition, "415 Compensation" shall also include, in the case of a Participant who (i) is permanently and totally disabled, as defined in Code section 22(e)(3) and (ii) unless the Plan provides for the continuation of contributions on behalf of all such disabled Participants for a fixed or determinable period, is not a highly compensated employee as defined in Code section 414(q), the 415 Compensation that the Participant would have received for the Limitation Year if the Participant was paid at the rate of compensation paid immediately before becoming permanently and totally disabled, but if and only if contributions made with respect to amounts treated as compensation under this provision are nonforfeitable when made.

C. Compensation Limit.

The annual compensation of each Employee taken into account under the Plan for any year shall not exceed two hundred fifty-five thousand dollars (\$255,000) as such amount may be adjusted by the Commissioner of Internal Revenue for increases in the cost of living in accordance with Code section 401(a)(17)(B). The cost of living adjustment in effect for a calendar year applies to any period, not exceeding twelve (12) months, over which compensation is determined (a "determination period") beginning in such calendar year. If a determination period consists of fewer than twelve (12) months, the applicable compensation limit determined under this subsection will be multiplied by a fraction, the numerator of which is the number of months in the determination period and the denominator of which is twelve (12).

D. USERRA Compensation.

For purposes of determining the Employer's liability under section 4318(b)(1) of chapter 43 of title 38, United States Code, as enacted by USERRA, an Employee's Compensation during the period of qualified military service shall be computed at the rate the Employee would have received but for the period of qualified military service.

2.09. Designated Beneficiary.

"Designated Beneficiary" means the individual who is designated as the Participant's Beneficiary and is the designated beneficiary under Code section 401(a)(9) and Treasury regulations section 1.401(a)(9)-4.

2.10. Disability.

"Disability" means the Participant has a physical or mental condition resulting from bodily injury, disease or mental disorder, which on the basis of competent medical opinion may be expected to result in death or to be of long, continued duration and which renders the Participant incapable of performing the Participant's duties. However, the Participant shall not be determined to have a Disability if the Disability is caused by the Participant's self-inflicted injury, alcoholism or substance abuse.

2.11. Distributee.

"Distributee" means an Employee or former Employee who receives a distribution from the Plan. "Distributee" also means 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 Code section 414(p), with regard to the interest of the spouse or former spouse. "Distributee" also means the Employee's designated Beneficiary who is not the Employee's spouse.

2.12. Distribution Calendar Year.

"Distribution Calendar Year" means a calendar year for which a minimum distribution is required under Code section 401(a)(9), the Treasury regulations promulgated thereunder, and the provisions of the Plan that implement these requirements. For distributions beginning before the Participant's death, the first Distribution Calendar Year is the calendar year immediately preceding the calendar year that 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 the Payment Of Death Benefits section, below.

2.13. Earliest Retirement Age.

"Earliest Retirement Age" means the earliest date under this Plan on which the Participant can elect to receive retirement benefits, and which shall be age fifty-five (55).



2.14. Eligible Retirement Plan.

"Eligible Retirement Plan" means a qualified trust described in Code section 401(a), an annuity plan described in Code section 403(a), an annuity contract described in Code section 403(b), an individual retirement account described in Code section 408(a), a Roth individual retirement account described in Code section 408A, an individual retirement annuity described in Code section 408(b) other than an endowment contract, or an eligible deferred compensation plan described in Code section 457(b) that 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 that agrees to separately account for amounts transferred into such plan from the Plan, that accepts the Distributee's Eligible Rollover Distribution; provided, however, that in the case of an Eligible Rollover Distribution to a designated Beneficiary who is not the Employee's surviving spouse, (i) an Eligible Retirement Plan shall be either an individual retirement account described in Code section 408(a), a Roth individual retirement account described in Code section 408A, or an individual retirement annuity described in Code section 408(b) other than an endowment contract and (ii) a direct trustee-to-trustee transfer is made to such an account or annuity.

2.15. Eligible Rollover Distribution.

"Eligible Rollover Distribution" means any distribution of all or any portion of the balance to the credit of the Distributee; provided, however, that an Eligible Rollover Distribution does not include:

- A. 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 (10) years or more;
- B. Any distribution to the extent such distribution is required under Code section 401(a)(9);
- C. 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); provided, however, that:
  - 1. A portion of a distribution shall not fail to be an Eligible Rollover Distribution merely because the portion consists

of after-tax Employee contributions that are not includible in gross income; and

2. Notwithstanding the preceding clause, such portion may be transferred only to:

- a. An individual retirement account described in Code section 408(a);
- b. A Roth individual retirement account described in Code section 408A;
- c. An individual retirement annuity described in Code section 408(b);
- d. A qualified plan described in Code section 401(a) (whether or not a defined contribution plan) or an annuity contract or a custodial account described in Code section 403(b) that agrees to separately account for amounts so transferred (and earnings thereon), including separately accounting for the portion of such distribution that is includible in gross income and the portion of such distribution that is not so includible; or

D. Any distribution that is made upon the hardship of the Employee.

2.16. Employee.

"Employee" means an individual who is employed by the Employer as a common law employee of the Employer.

2.17. Employer.

"Employer" means the Employer adopting the Plan, any predecessor employer and any successor assuming the Plan.

2.18. Employer Contributions.

"Employer Contributions" means those contributions made to the Plan by the Employer under the Employer Contributions section, below.

2.19. ERISA.

"ERISA" means the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.

2.20. Hour Of Service.

A. Hour Of Service In General.

"Hour Of Service" means:

1. Hours Worked.

Each hour for which an Employee is paid, or entitled to payment, for the performance of duties for the Employer. These hours shall be credited to the Employee for the computation period in which the duties are performed.

2. Hours Not Worked.

Each hour for which an Employee is paid, or entitled to payment, by the Employer on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence; provided, however, that no more than five hundred one (501) Hours Of Service shall be credited under this Hours Not Worked paragraph for any single continuous period (whether or not such period occurs in a single computation period). Payments made or due under a plan maintained by the Employer solely to comply with applicable workmen's compensation, or unemployment compensation or disability insurance law, or to reimburse an Employee for medical or medically-related expenses shall not be considered as payments by the Employer for purposes of this paragraph.

3. Back Pay Hours.

Each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Employer. The same Hours Of Service shall not be credited both under the Hours Worked or the Hours Not Worked paragraph, above, as the case may be, and under this Back Pay Hours subsection. These hours shall be credited to the Employee for the computation period(s) to which the award or agreement pertains, rather than the computation period(s) in which the award, agreement or payment is made. Crediting of Hours Of Service under this

Back Pay Hours subsection for back pay awarded or agreed to with respect to periods described in the Hours Not Worked paragraph, above, shall be subject to the limitations set forth in the Hours Not Worked paragraph.

B. Actual Hours Used.

Hours Of Service shall be determined on the basis of actual hours for which an Employee is paid or entitled to payment. If a federal law, other than ERISA, requires additional Hours Of Service to be credited to the Employee, Hours Of Service shall be credited to the Employee as required by such law.

2.21. Limitation Year.

"Limitation Year" means the Plan Year.

2.22. Mandatory Contributions.

"Mandatory Contributions" means those contributions made to the Plan under the Mandatory Contributions section, below.

2.23. Matching Contributions.

"Matching Contributions" means those contributions made to the Plan by the Employer under the Matching Contributions section, below.

2.24. Normal Retirement Age.

"Normal Retirement Age" means age sixty-five (65).

2.25. Participant.

"Participant" means any Employee or former Employee who has met the Plan's eligibility requirements, commenced participation in the Plan, and is or may become eligible to receive a benefit under the Plan, or whose Beneficiary(ies) may be eligible to receive any such benefit.

2.26. Plan.

"Plan" means the defined contribution plan as set forth herein and any amendments hereto. "Plan" also means any plan that has been merged into the Plan when the context requires such an interpretation.

2.27. Plan Year.

"Plan Year" means the twelve (12) consecutive month period ending on the last day of June each year.

2.28. Reemployment Commencement Date.

"Reemployment Commencement Date" means the date on which a former Employee first performs an Hour Of Service for the Employer after the Employee's reemployment.

2.29. Required Beginning Date.

"Required Beginning Date" means April 1 of the calendar year following the later of (i) the calendar year in which the Participant attains age seventy and one-half (70-1/2) or (ii) the calendar year in which the Participant retires.

2.30. Severance From Employment.

"Severance From Employment" means no longer being an Employee for any reason.

2.31. Trust.

"Trust" means the retirement trust created by the Employer, which trust shall be a part of the Plan, as described in a separate trust agreement. "Trust" shall include any custodial accounts and contracts established under Code section 401(f) for the purpose of holding funds under the Plan.

2.32. Trustee.

"Trustee" means the trustee(s) signing the Trust and any successor trustee(s). "Trustee" shall also include any custodian or insurance company holding the Trust assets in a custodial account or contract established under Code section 401(f).

2.33. Trust Fund.

"Trust Fund" means the fund held by the Trustee pursuant to the terms of the Trust and for the purpose of the Plan.

2.34. USERRA.

"USERRA" means the Uniformed Services Employment And Reemployment Rights Act of 1994, as it may be amended from time to time.

2.35. Valuation Calendar Year.

"Valuation Calendar Year" means the calendar year immediately preceding the Participant's Distribution Calendar Year.

2.36. Valuation Date.

"Valuation Date" means:

- A. With respect to each segregated Account, if any, every day that the Trustee, any transfer agent appointed by the Trustee or the Employer, and any stock exchange used by such agent are open for business (daily valuation); or
- B. With respect to each non-segregated Account, if any, the last day of the month preceding the date of the distribution to the Participant.

Regardless of any election to the contrary, the Valuation Date shall include the last day of the Plan Year and any other date deemed necessary or appropriate by the Administrator, in the Administrator's sole and absolute discretion, for the valuation of Accounts during the Plan Year.

2.37. Vested.

"Vested" means that portion of a Participant's Accounts in which the Participant or the Participant's Beneficiary has an unconditional, nonforfeitable right that is legally enforceable against the Plan.

2.38. Voluntary Contributions.

"Voluntary Contributions" mean those contributions made to the Plan by the Employee under the Voluntary Contributions section, below.

2.39. Year Of Service.

"Year Of Service" means a twelve (12) consecutive month period in which the Employee completes at least one thousand (1,000) Hours Of Service. Each Employee shall be credited with a Year Of Service for

each computation period during which the Employee completes at least one thousand (1,000) Hours Of Service for purposes of eligibility, vesting or benefit accrual as appropriate.

### ARTICLE 3. ELIGIBILITY AND PARTICIPATION

#### 3.01. Eligible Employees; Excluded Employees.

All Employees who are not otherwise excluded from participation in the Plan, are eligible to participate in the Plan after completion of the eligibility requirements set forth in the Eligibility Requirements section, below. The Plan excludes the following Employees (even if they might otherwise satisfy the eligibility criteria specified in the Plan):

- A. Employees other than full-time Employees of the Employer;
- B. Public safety officers;
- C. Employees who are nonresident aliens and who receive no earned income (within the meaning of Code section 911(d)(2)) from the Employer that constitutes income from sources within the United States (within the meaning of Code section 861(a)(3));
- D. Leased employees as defined in Code section 414(n); and
- E. A worker whom the Employer did not treat as an Employee even if either (i) the individual might otherwise satisfy certain legal tests or criteria to be considered a common law employee of the Employer or (ii) the individual is subsequently determined to be a common law Employee of the Employer by a local, State or federal governmental entity or by a court of competent jurisdiction.

#### 3.02. Eligibility Requirements.

Each Employee who is not otherwise excluded from participation in the Plan must complete at least six (6) consecutive months of service with the Employer in order to become a Participant in the Plan.

#### 3.03. Commencement Of Participation.

Each Employee who is not otherwise excluded from participation in the Plan shall become a Participant in the Plan on the first day of the month coinciding with or next following the date on which the requirements set forth in the Eligibility Requirements section are satisfied.



3.04. Participation.

The Administrator, using employment dates certified by the Employer, shall determine which Employees are eligible to participate, and the Administrator shall furnish such information and attendant data to the Trustee. The Administrator shall notify each eligible Employee of the Employee's eligibility and of any application or requirements for participation. By becoming a Participant, the Employee agrees to be bound by all terms, conditions and covenants of the Plan as then in effect or as thereafter amended.

3.05. Leaves Of Absence.

Service with the Employer shall not be deemed to have been interrupted by the fact that an Employee has been on leave of absence with the consent of the Employer, provided that the Employee returns to the employ of the Employer at the expiration of such leave. Leaves of absence shall mean leaves granted by the Employer, in accordance with rules uniformly applied to all Employees, for reasons determined by the Employer to be in its best interests. An Employee who does not return to active employment with the Employer within thirty (30) days following the end of the leave of absence, shall be deemed to have had a Severance From Employment as of the date when the Employee's leave began (unless such failure to return was the result of the Employee's death, Disability, or approved early, deferred retirement or normal retirement, in which case the date of such event shall be the date of Severance From Employment).

3.06. Beneficiary Designation.

- A. Each Participant shall have the right to designate, on forms provided by the Administrator, a Beneficiary or Beneficiaries to receive the Participant's death benefits, and shall have the right, at any time, to revoke such designation or to substitute another such Beneficiary or Beneficiaries without the consent of any Beneficiary; provided, however, that a married Participant and spouse shall both designate any non-spouse Beneficiary or Beneficiaries, unless the spouse cannot be located or unless otherwise permitted by law. Any designation by a married Participant and spouse of a non spouse Beneficiary must be made by the Participant in writing and be consented to in writing by the Participant's spouse. Such spouse's written consent must designate a Beneficiary who may not be changed without spousal consent (unless the spousal consent expressly permits designations by the Participant without any requirement of further spousal consent), acknowledge the effect of such election, and

be witnessed by a Plan representative or a notary public. Such consent shall not be required if it is established to the satisfaction of the Administrator that the required consent cannot be obtained because there is no spouse, the spouse cannot be located, or other circumstances that may be prescribed by Treasury regulations. The election made by the Participant and consented to by the Participant's spouse may be revoked by the Participant in writing without the consent of the spouse at any time prior to the Participant's death. Any new election must comply with the requirements of this subsection. A former spouse's waiver shall not be binding on a new spouse.

B. If, upon the death of a Participant, there is no valid designation of Beneficiary on file with the Administrator, or the Participant's Beneficiary is not alive, the Administrator shall designate as the Beneficiary, in order of priority:

1. The surviving spouse;
2. The surviving children, including adopted children, in equal shares, or their issue by right of representation;
3. Surviving parents, in equal shares; or
4. The Participant's heirs at law.

The determination of the Administrator as to which persons, if any, qualify within the aforementioned categories shall be final and conclusive upon all persons, but the Administrator may seek a declaratory judgment of a court of competent jurisdiction to determine the identity of Beneficiaries and their respective shares at the expense of the Participant's Account.

### 3.07. Military Leaves.

A. An Employee, who was absent from the Employee's position of employment by reason of service in the uniformed services and who is reemployed, as these terms are used in USERRA, shall be treated as not having incurred a Break In Service with the Employer maintaining the Plan by reason of such person's period or periods of service in the uniformed services. Each period served by a person in the uniformed services shall, upon reemployment under USERRA, be deemed to constitute service with the Employer maintaining the Plan for the purpose of determining the nonforfeitability of the Participant's Account and for the purpose of determining the accrual of benefits under the

Plan, all to the extent required by and as provided under USERRA. Notwithstanding any provision in the Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Code section 414(u).

- B. The Plan specifically incorporates herein by reference the requirements of Code section 401(a)(37), the Treasury regulations thereunder and any subsequent guidance under Code section 401(a)(37) requiring that if a Participant dies while performing qualified military service (as defined in Code section 414(u)), the Beneficiary(ies) of the Participant shall be entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan had the Participant resumed employment on the date before the Participant's date of death and then had a Severance From Employment on account of death.

3.08. Eligibility Of Reemployed Employees.

- A. If a Participant who has had a Severance From Employment is reemployed by the Employer before a Break In Service occurs, the Participant shall resume participation in the Plan on the Participant's Reemployment Commencement Date.
- B. A Participant who had a Vested right to all or a portion of the Participant's Account derived from Employer contributions at the time of the Participant's Severance From Employment shall receive credit for all Years Of Service prior to the Participant's Break In Service upon completing a Year Of Service after the Participant's return to the employ of the Employer.
- C. A Participant who did not have a Vested right to any portion the Participant's Account derived from Employer contributions at the time of the Participant's Severance From Employment shall be considered a new Employee for eligibility purposes if the number of consecutive one (1) year Breaks In Service equals or exceeds the greater of five (5) or the aggregate number of Years Of Service before such Breaks In Service; otherwise, such Years Of Service prior to the Participant's Break In Service shall count for eligibility purposes.
- D. If a Participant becomes ineligible to participate because the Participant is no longer a member of an eligible class of Employees, but has not incurred a Break In Service, such Employee shall participate immediately upon return to an eligible

class of Employees. If such Participant incurs a Break In Service, the Participant's eligibility to participate shall be determined pursuant to the two (2) preceding subsections.

- E. If an Employee who is not a member of the eligible class of Employees becomes a member of the eligible class, such Employee shall participate immediately if such Employee has satisfied the minimum service requirements and would have previously become a Participant had the Employee been in the eligible class.
- F. Years Of Service and Breaks In Service shall always be measured on the same computation period.

3.09. Eligibility Of Excluded Employees.

If a Participant becomes ineligible to participate because the Participant is no longer a member of an eligible class of Employees, such Employee shall participate immediately upon return to an eligible class of Employees. If an Employee who is not a member of the eligible class of Employees becomes a member of the eligible class, such Employee shall participate immediately if such Employee has met the eligibility service requirements of the Eligibility Requirements section, above, and would have previously become a Participant had the Employee been in an eligible class.

3.10. Omission Of Eligible Employee.

If an Employee who should have been included as a Participant for a Plan Year is erroneously omitted and discovery of the omission is made after the contribution by the Employer is made and allocated and the forfeitures are allocated (if appropriate), the Employer and the Administrator may correct the erroneous omission of the Employee in accordance with the requirements of the Employee Plans Compliance Resolution System as described in Rev. Proc. 2013-12 and any subsequent guidance.

3.11. Inclusion Of Ineligible Individual.

If any individual is erroneously included as a Participant in the Plan and discovery of the erroneous inclusion is made after the contribution by the Employer is made and allocated and the forfeitures are allocated (if appropriate), the Employer and the Administrator may correct the erroneous inclusion of the individual in accordance with the requirements of the Employee Plans Compliance Resolution System as described in Rev. Proc. 2013-12 and any subsequent guidance.

## ARTICLE 4. EMPLOYER/EMPLOYEE CONTRIBUTIONS

### 4.01. Mandatory Contributions.

- A. Each Participant shall be required to agree to contribute five percent (5%) of the Participant's Compensation for each pay period during the Plan Year. Such agreement shall become effective after satisfying the Eligibility Requirements section, above, and completing and delivering the Plan's enrollment forms to the Employer on or before the Participant's commencement of participation as described in the Commencement Of Participation section, above.
- B. In the event that the terms of a written collective bargaining agreement or Memorandum of Understanding between the Employer and any union representing Employees of Employer shall require payment of the Mandatory Contributions, as described in the preceding subsection, by the Employer as "Pick Up" contributions in accordance with Code section 414(h)(2), such contributions shall:
  - 1. Be paid by the Employer; and
  - 2. Be deemed to be contributed by the Employer in lieu of contributions by the Employees, notwithstanding the fact such contributions are designated as "Employee contributions."
- C. For Employees not represented by any union, any Mandatory Contributions shall be designated as Employer "Pick Up" contributions in accordance with Code section 414(h)(2).
- D. All such contributions shall be credited to the Mandatory Contributions Account of the Participant.

### 4.02. Employer Contributions.

For each pay period during the Plan Year, the Employer shall make contributions to this Plan in an amount equal to ten percent (10%) of Compensation for such pay period paid to each Employee who contributes five percent (5%) of Compensation to the Plan under the Mandatory Contributions section, above.



4.03. Voluntary Contributions.

Each Participant who makes a contribution under the Mandatory Contributions section, above, may elect, in writing, to make Voluntary Contributions in addition to the Mandatory Contributions, above, for each pay period during the Plan Year to the Participant's Voluntary Account in an amount from one percent (1%) to six and six-tenths percent (6.6%) of such Participant's Compensation for such pay period. Such Voluntary Contributions shall be made in even dollar amounts and shall be rounded to the nearest one-tenth percent (.1%) of Compensation. Notwithstanding the foregoing, in no event may Voluntary Contributions be made to the Plan which would cause the Plan to exceed the limitations under the Limitations On Contributions And Benefits article, below. The Employer retains the discretion to reject, return, or refund, any excess Voluntary Contributions which may result from the allocation of forfeitures in a given Plan Year if the acceptance of the Employee's Voluntary Contributions is a result of clerical error, or if such acceptance would cause the Participant's account to exceed the limitations under the Limitations On Contributions And Benefits article, below.

4.04. Matching Contributions.

For each pay period during the Plan Year, the Employer shall make a Matching Contribution to the Plan in an amount equal to fifty percent (50%) of the amount contributed by an Employee under the Voluntary Contributions section, above, for such pay period. Such Matching Contributions shall be in even dollar amounts and rounded to the nearest one-tenth percent (.1%) of Compensation. Such Employer Matching Contributions, when combined with amounts contributed into the Voluntary Contributions section, above, shall not exceed ten percent (10%) of the Participant's Compensation for such pay period. Furthermore, in no event shall Employer Matching Contributions be made by the Employer which shall cause the Employee's Account to exceed the limitations under the Limitations On Contributions And Benefits article, below, for such Plan Year.

4.05. Form Of Contribution.

Employer contributions shall be made to the Trustee in the form of any property which is acceptable to the Trustee. It shall be the Employer's responsibility to determine the fair market value of any property contributed which is not cash or equivalent. No contribution shall be made in the form of the Employer's promissory note, whether secured or not.

4.06. Time Of Contributions.

- A. Employer contributions to the Plan for a Plan Year may be made at any time, but not later than the fifteenth (15th) day of the tenth (10th) calendar month following the close of the fiscal year of the Employer with or within which the particular Plan Year ends. Employer contributions shall usually be contributed as soon as practicable after the end of each fiscal quarter. If the contribution is accrued for the preceding Plan Year, and is actually made after the close of the Plan Year for which it is to be allocated, the contribution shall be accompanied by the Employer's signed statement to the Trustee that payment of the contribution is on account of the preceding Plan Year and shall be allocated to Participants' Accounts as of the last day of the preceding Plan Year.
- B. Contributions accumulated through payroll deductions shall be paid to the Trustee as of the earliest date on which such contributions can reasonably be segregated from the Employer's general assets, but in any event within fifteen (15) business days following the end of the month in which such amounts would otherwise have been payable to the Participant in cash.

4.07. No Vested Right To Future Employer Contributions.

In accordance with, but only to the extent required by, California Government Code section 7522.10(f)(2) as in effect on January 1, 2013 or as subsequently amended, and the lawful guidance published thereunder, an Employee who receives an Employer contribution to the Plan shall not have a vested right to continue receiving any Employer contributions in the future.

ARTICLE 5. ALLOCATIONS OF CONTRIBUTIONS AND VALUATION

5.01. Valuation Of The Trust.

The Trustees, as of the close of business on each Valuation Date, shall determine the net worth of the assets of the Trust at their fair market value (using criteria and sources of information that the Trustee, in the Trustee's sole and absolute discretion, deems appropriate), and, except as provided in the Allocation Of Investment Result And Plan Expenses section, below, shall deduct all fees and expenses for which the Trustee has not yet obtained reimbursement from the Employer or from the Trust. Such valuation shall not include any segregated accounts (which shall be valued separately) or subsequent contributions for the current



Plan Year made by the Employer or any Employee as of such Valuation Date or thereafter, which shall be valued separately.

5.02. Order Of Adjustment.

Subject to the provisions of this Allocations Of Contributions And Valuation article, the Administrator shall adjust the Participants' Accounts as follows, in the order stated:

- A. First, as of each Valuation Date, reflect proportionately any adjustment of fair market value of assets in the manner as provided in the Allocation Of Investment Results And Plan Expenses section, below;
- B. Second, as of each Valuation Date, allocate proportionately any income or loss in the manner provided in the Allocation Of Investment Results section, below;
- C. Third, allocate Mandatory Contributions, Employer Contributions, Voluntary Contributions and Matching Contributions as provided below; and
- D. Fourth, allocate forfeitures in the manner provided in the Allocation Of Forfeitures section, below.

5.03. Allocation Of Investment Results.

- A. Income or loss generated since the immediately preceding Valuation Date by a segregated account described in the Participant-Directed Individual Account article, or the Participant Loans article, less a prorated portion of the Plan's administrative cost and the portion of the Plan's investment-related cost attributable thereto, shall be allocated solely to the account or investment involved. All brokerage costs and fees shall be borne by the segregated account which incur the cost. As of any Valuation Date, the income or loss attributable to the remaining assets of the Plan shall be allocated to the non-segregated Accounts of the Participants and Beneficiaries who had unpaid balances in their non-segregated Accounts as of such Valuation Date in proportion to the balances in such non-segregated Accounts as of the prior Valuation Date, taking into account amounts withdrawn or distributed since such Valuation Date, if any.
- B. Expenses incurred by the Administrator or the Trustee for the services of third party vendors provided to the Plan may be paid

by the Plan. Fees incurred as a result of recordkeeping and compliance reporting for the Plan may be assessed directly to Participant Accounts on a pro rata basis based on Account balances as of the Plan's most recent Valuation Date, or on a per capita basis based on the number of Participant Account balances in the Plan at the time the fees are paid. Notwithstanding the foregoing, expenses incurred by the Plan as a result of Participant processing elections, or as a result of legal judgments issued against the Plan on behalf of a Participant's benefits, or as a result of a separated Participant's failure to provide the Administrator or Trustee with current contact information, may be assessed directly against the Participant's Account. These expenses shall include but not be limited to distribution processing, fees incurred by the Plan as a result of a domestic relations order involving the Participant and fees incurred by the Plan while conducting a search for a lost Participant. A Participant shall be considered a lost Participant when correspondence sent via first-class mail is returned as undeliverable. The Employer reserves the right to pay any fees for on behalf of any Participants or any group of Participants.

5.04. Allocation Of Mandatory Contributions.

- A. Mandatory Contributions shall be allocated among the Mandatory Accounts of those Participants making Mandatory Contributions to this Plan under the Mandatory Contributions section, above.
- B. Mandatory Contributions, accumulated through payroll deduction, if any, will be allocated as soon as administratively feasible following the last day of each payroll period during the Plan Year.

5.05. Allocation Of Employer Contributions.

- A. As of each Allocation Date, the Employer Contributions shall be allocated among the Regular Accounts of those Participants for whom they were made pursuant to the Employer Contributions section, above.
- B. All allocations of Employer Contributions shall be based upon Compensation (and 415 Compensation, if applicable) during the Plan Year earned after the Employee becomes a Participant as described in the Commencement Of Participation section.
- C. Any Participant who remained in the employ of the Employer through the end of the Plan Year, but changed from an eligible to an ineligible employment classification during such Plan Year,

shall be deemed a Participant for such Plan Year but only with respect to such Participant's Compensation while in an eligible status.

5.06. Allocation Of Voluntary Contributions.

- A. Voluntary Contributions shall be allocated among the Voluntary Accounts of those Participants making Voluntary Contributions to this Plan under the Voluntary Contributions section, above.
- B. Voluntary Contributions, accumulated through payroll deduction, if any, will be allocated as soon as administratively feasible following the last day of each payroll period during the Plan Year.

5.07. Allocation Of Matching Contributions.

- A. As of each Allocation Date, the Employer's Matching Contributions shall be allocated among the Matching Accounts of those Participants for whom they were made pursuant to the Matching Contributions section, above.
- B. All allocations of Matching Contributions shall be based upon Compensation (and 415 Compensation, if applicable) during the Plan Year earned after the Employee becomes a Participant as described in the Commencement Of Participation section.
- C. Any Participant who remained in the employ of the Employer through the end of the Plan Year, but changed from an eligible to an ineligible employment classification during such Plan Year, shall be deemed a Participant for such Plan Year but only with respect to such Participant's Compensation while in an eligible status.

5.08. Application Of Forfeitures.

At the end of each Plan Year, forfeitures shall be allocated among the Regular Accounts of the Participants eligible to receive a current year Employer Contribution in the same proportion that each such Participant's Compensation for the Plan Year bears to the total Compensation of all such Participants for the Plan Year; provided, however, that allocations of forfeitures shall be subject to the rules set forth in the Allocation Of Employer Contributions section, above.

5.09. Permitted Reallocations.

In the event that any amount of any Participant's Compensation for a Plan Year has been found by the Internal Revenue Service, the California Franchise Tax Board, or a court of competent jurisdiction in a final decision, to be unreasonable, contributions and forfeitures for the affected Plan Year shall be reallocated among the Participants based upon reasonable Compensation in accordance with the Allocation Of Employer Contributions and Application Of Forfeitures sections, above. The Participant's Accounts and the allocation of investment results shall be adjusted to reflect the results of such reallocation in each subsequent Plan Year.

5.10. Correction Of Allocation.

If a Participant's Account was improperly included or excluded in any Plan Year from an allocation of the Employer's contributions, the Administrator shall correct the error in accordance with the requirements of the Employee Plans Compliance Resolution System as described in Revenue Procedure 2013-12, and any subsequent guidance issued by the Internal Revenue Service.

5.11. Nondiscrimination Limits On Employer Contributions.

In accordance with, but only to the extent required by, California Government Code section 7522.10(g) as in effect on January 1, 2013 or as subsequently amended, and the lawful guidance published thereunder, any Employer contributions to any defined contribution plan, including this Plan, above either (i) one hundred percent (100%) of the Social Security contribution and benefit base specified in section 430(b) of Title 42 of the United States Code for an employee whose service is included in the Social Security system, or (ii) one hundred twenty percent (120%) of such Social Security contribution and benefit base for an employee whose service is not included in the Social Security system (as such amounts are adjusted by the Plan for changes in the Consumer Price Index for All Urban Consumers) shall not, when combined with the Employer's contribution to the employee's retirement benefits below such compensation limit, exceed the Employer's contribution level, as a percentage of pay, required to fund the retirement benefits of employees with income below the compensation limits. This section shall apply only to Employer contributions for a "new member," as that term is defined in California Government Code section 7522.04(f), who is a member of both this Plan and a defined benefit pension plan sponsored by the Employer.

## ARTICLE 6. LIMITATION ON CONTRIBUTIONS AND BENEFITS

### 6.01. Limitations In General.

- A. The Plan specifically incorporates herein by this reference the limitations under Code section 415, and the Treasury regulations thereunder, as in effect from time to time. Notwithstanding any other provision of the Plan to the contrary, the Annual Additions (as defined below) under the Plan and all other defined contribution plans maintained by the Employer for any Limitation Year shall not exceed the limitations under Code section 415.
- B. The limitations under Code section 415 for a Limitation Year shall be applied using 415 Compensation.
- C. "Annual Additions" are defined in Treasury regulations 1.415(c)-1(b).

### 6.02. Limitation On Allocations – More Than One Plan.

If the Employer contributes to more than one defined contribution plan, allocations shall first be made to this defined contribution pension plan maintained by the Employer and then to any other defined contribution plan maintained by the Employer.

### 6.03. Disposition Of Excess Annual Additions.

If there are excess Annual Additions, the Employer and the Administrator shall correct the excess Annual Addition in accordance with the requirements of the Employee Plans Compliance Resolution System as described in Rev. Proc. 2013-12 and any subsequent guidance.

## ARTICLE 7. PARTICIPANT-DIRECTED INDIVIDUAL ACCOUNTS

### 7.01. Directed Individual Accounts Permitted.

The Administrator may, in its sole and absolute discretion, permit each Participant or Beneficiary to direct the Trustee as to the investment of all or a portion of the Participant's Accounts in any one or more of the investment options made available under the Plan by the Administrator. If such authorization is given by the Administrator, each Participant and Beneficiary may, subject to a procedure established by the Administrator, in a uniform, nondiscriminatory manner, direct the Trustee in writing to invest all or any portion of the Participant's Accounts in the



one or more of the investment options made available by the Administrator.

7.02. Separate Account Established.

A separate participant-directed individual account shall be established for each Participant (or Beneficiary) who has directed an investment. Transfers between the Participant's other accounts and the Participant's participant-directed individual account shall be charged and credited as the case may be to each account. The participant-directed individual account shall not share in the Trust Fund investment results, but it shall be charged or credited as appropriate with the net earnings, gains, losses, expenses, taxes and unrealized appreciation or depreciation in market value, during each Plan Year attributable to such account, and it shall be subject to all of the other provisions of the Plan and this Trust. Neither shall the investment results of the participant-directed individual accounts be included in the calculation of the Trust Fund investment results generally.

7.03. Fiduciary Duty.

The Administrator, the Trustee and any other Plan fiduciary are relieved of liability for any losses which are the direct and necessary result of the investment instructions given by a Participant or Beneficiary. However, such relief shall be conditioned upon the Administrator's or the Trustee's compliance with communication and education requirements similar to those prescribed in ERISA section 404(c), as well as any such requirements under applicable State law. Neither the Trustee nor any other person shall be under any duty to question any direction from any Participant or Beneficiary or to review any investment or to make any investment suggestion to any Participant or Beneficiary, except as otherwise required by applicable State law.

## ARTICLE 8. PARTICIPANT LOANS

Loans to Participants shall be permitted pursuant to the following provisions.

8.01. Authorization For Participant Loans; Participant Loan Rules.

Loans to Participants shall be permitted only pursuant to the terms and conditions set forth in this article and any other nondiscriminatory rules established by the Administrator. All loan limits are determined as of the date the Trustee reserves funds for the loan. The funds will be disbursed to the Participant as soon as is administratively feasible after all required documents have been completed and sufficient Trust assets have been liquidated, if necessary.



## 8.02. Loan Funding And Repayments.

The loan amount must meet the following criteria:

### A. Maximum Loan Amount.

The maximum amount that a Participant may borrow, including the outstanding balance of existing loans, is based upon such Participant's Vested interest in the Plan and all other qualified plans maintained by the Employer (Vested Interest). The maximum amount is equal to fifty percent (50%) of the Vested Interest, not to exceed fifty thousand dollars (\$50,000). However, the fifty thousand dollars (\$50,000) amount is reduced by the Participant's highest outstanding balance of all loans from the Employer's qualified plans during the twelve (12) month period ending on the date before the date on which the loan is made.

### B. Maximum Number Of Loans.

A Participant may have no more than two (2) loans outstanding from the Plan at any given time. However, a Participant who has more than two (2) loans outstanding prior to July 1, 2007 will not be required to pay any loan earlier than under the terms of the loan.

### C. Source Of Loan Funding.

A loan to a Participant shall be made solely from the assets of such Participant's own Account(s) and all interest paid shall be credited to said Account(s).

### D. Interest Rate.

Each loan shall bear a reasonable rate of interest. The interest rate charged on each Participant loan must be comparable to the prevailing interest rate being charged for similar purpose loans by institutional lenders in the geographic area of the Employer. The formula is currently set at the prime rate plus one percent (1%). The Employer shall review and revise the formula to be used by the Plan as necessary to ensure that the interest rate on new loans meets the requirements of this Participant Loans article.

E. Repayment.

1. The loan repayment period shall be as mutually agreed upon by the Participant and the Administrator, not to exceed five (5) years. However, the term may be for any period not to exceed fifteen (15) years if the purpose of the loan is to acquire the Participant's principal residence.
2. Each loan shall require substantially level amortization over the term of the loan with payments made at least monthly, through payroll deduction; provided, however, that payment can be made by check for advance loan payments. Loans may be prepaid in full or in part at any time.
3. Loan repayments will be suspended under the Plan as permitted under Code section 414(u)(4).

8.03. Loan Application, Note And Security.

A Participant shall apply for any loan in accordance with the procedures established by the Administrator. The Administrator shall administer Participant loans and shall specify the time frame for approving loan applications. If a Participant is married, written consent of the Participant's spouse must be provided within the ninety (90) day period ending on the date on which the loan is to be secured. All loans shall be evidenced by a promissory note and secured only by a Participant's Account Balance. The Plan shall have a lien on fifty percent (50%) of a Participant's Account to the extent of any outstanding loan balance.

8.04. Default, Suspension And Call Feature.

- A. A loan is treated as in default if any scheduled loan payment is not made when due in accordance with the terms of the loan; provided, however, that a Participant shall have a cure period in which to make the loan payment, which cure period shall not extend beyond the end of the calendar quarter following the calendar quarter that includes the due date for such payment. The Administrator may agree to a suspension of loan payments for up to twelve (12) months for a Participant who is on a leave of absence. In the event of default, the Administrator may direct the Trustee to execute upon its security interest in the Participant's Account by deducting the unpaid loan balance from the Participant's Account, including interest to the date of default and report the default as a taxable distribution; provided, however, that:

1. The Trustee shall neither act nor fail to act in such a manner that would adversely affect the qualified status of the Plan; and
2. The Trustee shall not execute upon its security interest in the Participant's Account until such time as the Plan may make a distribution to the Participant.

B. As soon as a Plan distribution to such Participant would otherwise be permitted, the Administrator may instruct the Trustee to distribute the note to the Participant.

C. The Administrator shall have the right to call any Participant loan once the Participant's employment with the Employer terminates.

#### 8.05. Loan Fees

A loan processing fee must be paid at the time the loan is made. The fee amount shall be established by the Administrator. The fee will be deducted from the loan proceeds paid by the Participant prior to completion of the loan.

### ARTICLE 9. VESTING AND FORFEITURES

#### 9.01. Full Vesting.

- A. A Participant shall become one hundred percent (100%) Vested in the full amount credited to the Participant's Regular Account when the Participant attains Normal Retirement Age while employed by the Employer, or has a Severance From Employment by reason of death or Disability.
- B. A Participant shall be one hundred percent (100%) Vested in the full amount credited to the Participant's Mandatory Contributions Account, Voluntary Contributions Account, and Matching Contributions Account and Rollover Account.

#### 9.02. Partial Vesting.

Prior to the time that a Participant's Regular Account becomes one hundred percent (100%) Vested pursuant to the Full Vesting section, above, the Participant's Regular Account shall become Vested as follows:

Years Of Service	Percent Vested
Less than 2	0%
2	20%
3	40%
4	60%
5	80%
At least 6	100%

9.03. Vesting Computation Period.

For purposes of determining Years Of Service and Breaks In Service for purposes of computing an Employee's Vested Account, the twelve (12) month vesting computation period shall be the Plan Year.

9.04. Years Of Service For Vesting.

For purposes of determining a Participant's Vested percentage pursuant to this article, Years Of Service shall include all of the Employee's Years Of Service.

9.05. Vesting Of Reemployed Former Employees.

- A. If a terminated Participant is reemployed by the Employer before a Break In Service occurs, the Participant shall continue to participate in the Plan in the same manner as if a Severance From Employment had not occurred.
- B. A Participant who had a Vested right to all or a portion of the Participant's Account at the time of the Participant's Severance From Employment shall receive credit for all Years Of Service prior to the Participant's Break In Service only upon completing one (1) Year Of Service after the Participant's Reemployment Commencement Date.
- C. A Participant who did not have a Vested right to any portion of the Participant's Account at the time of the Participant's Severance From Employment shall receive credit for Years Of Service prior to the Participant's Break In Service only if the Participant completes one (1) Year Of Service after the Participant's Reemployment Commencement Date; provided, however, that in no event shall such Years Of Service prior to the Participant's Break In Service be taken into account if the number of

consecutive one (1) year Breaks In Service equals or exceeds the greater of five (5) or the aggregate number of Years Of Service before such Break In Service.

- D. All Years of Service after five (5) consecutive one (1) year Breaks In Service shall be disregarded for purposes of determining the Participant's Vested percentage in the Participant's Regular Account that accrued before such Break In Service. Separate Regular Accounts shall be maintained for pre-Breaks In Service and post-Breaks In Service Regular Accounts.

9.06. Forfeitures.

A. Timing Of Forfeitures.

The forfeiture of that portion of a Participant's Regular Account in which the Participant is not Vested shall occur on the earlier of:

1. The last day of the Plan Year next following, or coincident with, the distribution of the entire Vested portion of the Participant's Account made on account of the Participant's Severance From Employment; or
2. The last day of the Plan Year in which the Participant incurs five (5) consecutive one (1) year Breaks In Service.

If a Participant has been reemployed prior to the time of forfeiture, no forfeiture shall occur.

B. Deemed Cash-Out.

If the Participant had no Vested right to any portion of the Participant's Account at the time of the Participant's Severance From Employment, the preceding provision shall apply as if a distribution of the Participant's Account occurred on the date of the Participant's Severance From Employment.

C. Restoration Upon Reemployment.

1. If the non-Vested portion of a Participant's Account is forfeited due to the distribution, or deemed distribution, of the Participant's Vested Account, and the Participant is subsequently reemployed by the Employer before incurring five (5) consecutive one (1) Year Breaks In Service after the Participant's Severance From Employment, the Participant's forfeited Account shall be reinstated,

unadjusted by any gains or losses occurring subsequent to the time of the forfeiture.

2. The source for such reinstatement shall first be from any forfeitures occurring during the year. If such source is insufficient, then the Employer shall contribute an amount that is sufficient to restore any such forfeited Accounts.
3. Separate Accounts will be maintained for the Participant's pre-break and post-break Accounts. Both Accounts will share in earnings and losses.

9.07. No Divestment For Cause.

Except as provided in the Lost Participant Or Beneficiary section, No Vested Right To Future Employer Contributions, or Nonalienation Of Benefits sections, the Plan does not permit divestment for cause. No Vested benefit provided hereunder to a Participant or Beneficiary shall be forfeited or divested for any reason or cause whatsoever, including withdrawal of a Participant's contributions or earnings thereon.

9.08. Lost Participant Or Beneficiary.

A. If, according to the records of the Plan, a Participant who had a Severance From Employment or the Beneficiary of a deceased Participant has not made a claim for benefits, and the Participant or Beneficiary cannot be located after (i) mailing a letter by certified mail to the last known mailing address of the Participant or Beneficiary according to the records of the Plan and (ii) further diligent efforts to locate the missing Participant or Beneficiary, the Participant's Account balance shall be held in the Plan until the earliest to occur of the following:

1. The Participant or Beneficiary is located, in which case the Administrator shall follow the Plan's normal distribution provisions;
2. The Plan is terminated, in which case the Administrator shall follow subsections B and C, below; or
3. A distribution is required by the Plan (e.g., pursuant to the Commencement Of Payments Of Benefits section or the Cash Outs subsection), in which case the Administrator shall transfer the Participant's Account to either:



- a. An individual retirement account described in Code section 408(a) or an individual retirement annuity described in Code section 408(b), all as set forth in subsection C, below; or
  - b. If such a transfer is not legally possible, the unclaimed property fund of the State in which the last known mailing address of the Participant or Beneficiary was located according to the records of the Plan.
- B. Upon Plan termination, prior to taking any action to distribute the Account of a missing Participant or Beneficiary, the Administrator shall take the following steps to locate the missing Participant or Beneficiary:
1. Mail a letter by certified mail to the last known mailing address of the Participant or Beneficiary according to the records of the Plan;
  2. Check related plan records, if any, to determine if one or more of the related plans may have more up-to-date information with respect to the Participant or Beneficiary;
  3. Attempt to identify and contact the individual(s) who the Participant has designated as a Beneficiary;
  4. Use the Social Security Administration letter-forwarding service; and
  5. Use any other search method or methods, including Internet search tools, commercial locator services and credit reporting agencies that the Administrator determines is a prudent method to use to locate the Participant or Beneficiary based on the particular facts and circumstances.
- C. If, after Plan termination and use of the search methods specified in the previous subsection, the Administrator is still unable to locate a missing Participant or Beneficiary, then the Administrator shall transfer the portion of the Participant's Account that is an Eligible Rollover Distribution to an individual retirement account described in Code section 408(a) or an individual retirement annuity described in Code section 408(b) designated by the Administrator; provided that the Employer does not maintain another defined contribution plan. If the Employer maintains

another defined contribution plan, then the Administrator shall transfer the Account of the missing Participant or Beneficiary to the other defined contribution plan.

## ARTICLE 10. PAYMENT OF BENEFITS

### 10.01. Measure Of Benefits.

Except as otherwise indicated, the benefit distributable to a Participant upon Severance From Employment, or to the Participant's Beneficiary or Beneficiaries in the event of the Participant's death, shall be the Participant's Vested Account plus the amount of the Employer's Contributions, if any, to the Plan, pursuant to the Employer Contributions section, above, and the Matching Contributions, if any, to the Plan, pursuant to the Matching Contributions section, above, for such Participant for the Plan Year that includes the Participant's Severance From Employment.

### 10.02. Method Of Payment Of Benefits.

Upon a Participant's Severance From Employment, the Administrator shall determine the Vested amount of the Participant's Account based on the next Valuation Date. The Administrator shall distribute the Participant's Vested Account in accordance with the method of payment of benefits selected by the Participant (or the Beneficiary of a deceased Participant) in accordance with the provisions of the Plan from among the following:

#### A. Form Of Distribution.

##### 1. Lump Sum.

A single lump sum distribution of the Participant's Account Balance in cash or in-kind.

##### 2. Installments.

Cash payments in monthly, quarterly, semi-annual or annual installments of substantially equal designated amounts or of a designated percentage of the Participant's Account payable over a fixed term; provided, however, that no installment shall be less than the amount which would be payable over the Participant's remaining life expectancy or over the joint life expectancy of the Participant and the Participant's designated Beneficiary.

3. Contract.

The purchase of a nontransferable, fixed or variable insurance company contract of such type and from such insurance company as the Trustee shall select, payable over a period of years not to exceed the greater of thirty (30) years, the Participant's life expectancy, or the joint life expectancy of the Participant and the Participant's designated Beneficiary. The payments shall be substantially equal in amount and shall occur at least annually.

4. Segregated Account.

In substantially equal consecutive monthly installments, plus interest, with the Participant's Account being segregated into an interest-bearing account in any bank or savings and loan association certificate of deposit or savings account, or thrift association account of any kind, so long as it is insured; provided, that the then present value of the payments projected to be made over the Participant's then life expectancy is more than fifty percent (50%) of the then present value of the total payments projected to be made to the Participant and the Participant's Beneficiaries.

5. Life Expectancy.

In substantially equal consecutive monthly installments for a period not in excess of the Participant's then life expectancy; provided, that the then present value of the payments projected to be made over the period of the Participant's then life expectancy is more than fifty percent (50%) of the then present value of the total payments projected to be made to the Participant and the Participant's Beneficiaries.

If the monthly installment distribution elected is less than one hundred dollars (\$100) per month, the Trustee may require the distributee to receive distributions in equal quarterly, semi-annual or annual installments. If the option in the Installments, Segregated Account or Life Expectancy paragraphs, above is selected, the Participant's Account may be placed in a segregated account with continuing investment direction by the Participant or the Beneficiary in directed investments of the

Participant's choice and shall be subject to the gains and losses thereon.

B. Cash Outs.

If the Vested value of the Participant's Account does not exceed one thousand dollars (\$1,000), the Administrator shall distribute such benefit as soon as is administratively feasible after the Participant's Severance From Employment without such Participant's consent. If the Vested value of the Participant's Account exceeds one thousand dollars (\$1,000), but does not exceed five thousand dollars (\$5,000) and the Participant does not elect to have such distributions paid directly to an Eligible Retirement Plan or does not consent to receive the distribution directly, the Administrator shall pay the distribution in a direct rollover to an individual retirement plan designated by the Administrator. If the Vested value of the Participant's Accounts exceeds five thousand dollars (\$5,000), the Administrator shall not distribute such benefit without the written consent of the Participant. However, notwithstanding the above, if the Participant has a Severance From Employment and has attained Normal Retirement Age, the Administrator may distribute such benefit without the Participant's consent. For purposes of this Cash Outs subsection, the value of a Participant's Vested Account shall be determined by including that portion of the Participant's Account 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).

C. Incidental Benefits.

Death and other nonretirement benefits payable under the Plan shall be incidental to the primary purpose of the Plan. Thus, distributions to the Participant under the Plan shall be in sufficient amounts so that the relationship of a Participant's total benefits under the Plan to the deferred compensation payable to the Participant under the Plan is such that the primary purpose of the Plan is to provide deferred compensation to the Participant, all as required by Code section 401(a)(9)(G) and the Treasury regulations promulgated thereunder.

D. Eligible Rollover Distributions.

1. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this

Method Of Payment Of Benefits section, 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 payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

2. Notwithstanding the foregoing, in the event that the Participant or the Participant's Beneficiary elects, in the manner set forth above, a distribution that constitutes an Eligible Rollover Distribution, and if the Distributee of the Eligible Rollover Distribution (i) elects to have such distribution paid directly to an Eligible Retirement Plan and (ii) specifies the Eligible Retirement Plan to which such distribution is to be paid, in such form and at such time as the Administrator may prescribe, then such distribution shall be made in the form of a direct trustee-to-trustee transfer to the Eligible Retirement Plan so specified.
3. A Beneficiary other than a Participant's surviving spouse or a Participant's former spouse who is an "alternate payee" under a qualified domestic relations order is a person eligible to make a rollover with regard to the interest of the Participant or former Participant, subject to the limitation for such a Beneficiary that an Eligible Retirement Plan is an individual retirement account or individual retirement annuity that will be treated as an inherited individual retirement account or annuity under Code section 401(c)(11).

#### 10.03. Commencement Of Payment Of Benefits.

##### A. Benefits Commencement In General.

1. Unless a Participant otherwise elects, distribution of the funds due to a terminated Participant shall be made on the occurrence of an event which would result in the distribution had the terminated Participant remained in the employ of the Employer (upon the Participant's death or eligibility for normal, early or disability retirement). However, the Participant may elect to cause the Vested portion of the Participant's Account to be payable to such Participant as soon as is administratively feasible after the Participant's Severance From Employment or attainment of the Earliest Retirement Age.

2. Notwithstanding the preceding paragraph, a Participant who continues to be employed by the Employer beyond such Participant's Normal Retirement Age may elect to have benefit payments commence as if the Participant had terminated employment with the Employer as of the date when benefits are elected to commence, to the extent accrued as of that date. Any additional benefit earned after the date when such benefits commence shall commence upon the Participant's subsequent Severance From Employment, unless either such additional benefit must commence at an earlier date as required by the provisions of Code section 401(a)(9).

B. Required Minimum Distributions.

1. Notwithstanding anything contained in the Plan to the contrary, unless the Participant or the Participant's Beneficiary has made a valid election under section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA), the Participant's entire interest either (i) will be distributed to the Participant not later than the Required Beginning Date or (ii) will begin to be distributed beginning not later than the Required Beginning Date over the life of the Participant or over the lives of the Participant and the Participant's Designated Beneficiary (or over a period not extending beyond the life expectancy of the Participant or the life expectancy of the Participant and the Participant's Designated Beneficiary).
2. 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.
3. Unless the Participant's interest is distributed in the form of a single sum on or before the Required Beginning Date, as of the first Distribution Calendar Year, distributions will be made in accordance with this Required Minimum Distributions subsection or the Payment Of Death Benefits section, below, if applicable.



4. All minimum distributions under this subsection will be made in accordance with the provisions of Code section 401(a)(9), the Treasury regulations promulgated under Code section 401(a)(9), and any other provisions reflecting Code section 401(a)(9) that are prescribed by the Commissioner of Internal Revenue in revenue rulings, notices and other guidance published in the Internal Revenue Bulletin.
5. The provisions of the Required Minimum Distributions subsection will override any distribution options in the Plan inconsistent with Code section 401(a)(9).
6. This Required Minimum Distributions subsection and the provisions under the Payment Of Death Benefits section set forth the minimum required distributions pursuant to Code section 401(a)(9) and the Treasury regulations promulgated thereunder and shall not be construed as creating any payment method under the Plan not otherwise provided under the Method Of Payment Of Benefits section, provided that the method or methods of payment under the Method Of Payment Of Benefits section meet or exceed the requirements of this Required Minimum Distributions subsection.
7. A Participant or a Beneficiary who would have been required to receive required minimum 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 (i) equal to the 2009 RMDs or (ii) one or more payments in a series of substantially equal distributions (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 ten (10) years will receive those distributions for 2009 unless the Participant or Beneficiary chooses not to receive such distributions. Such Participants and Beneficiaries will be given the opportunity to elect not to receive such distributions. Solely for purposes of applying the direct rollover provisions of the Plan, 2009 RMDs will be treated as Eligible Rollover Distributions.

C. TEFRA Section 242(b)(2) Elections.

Notwithstanding the other provisions of this article, 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.

10.04. Distributions To Rehired Employees.

A Participant who is receiving benefit payments under the Plan, or who previously received a single sum distribution of the Participant's benefits under the Plan, and who is subsequently reemployed by the Employer, shall not have benefits suspended and shall receive an additional benefit equal to the benefit that the Participant accrues after the Participant's Reemployment Commencement Date. Such additional benefit shall commence upon the Participant's subsequent Severance From Employment, unless such additional benefit must commence at an earlier date as required by the provisions of Code section 401(a)(9). There shall be no duplication of benefits to such a Participant. Such additional benefit shall be paid to the Participant in the same form as the benefits that had already commenced.

10.05. Payment Of Death Benefits.

- A. Upon the death of a Participant prior to Severance From Employment, the Participant's Accounts shall be payable to the Participant's Beneficiary or Beneficiaries.
- B. Upon the death of a Participant after Severance From Employment, any remaining Vested amount in the Participant's Account shall be payable to the Participant's Beneficiary or Beneficiaries.
- C. Notwithstanding anything contained in this Plan to the contrary, unless the Participant or the Participant's Beneficiary has made a valid election under TEFRA section 242(b):
  - 1. If distribution has been commenced to the Participant and the Participant dies before the Participant's entire interest has been distributed, then the remaining portion of the Participant's interest shall be distributed at least as rapidly as under the method of distributions being utilized as of the date of the Participant's death.

a. 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:

(1) The Participant's remaining life expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(2) 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 age 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.

(3) 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.

b. 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.

2. If the Participant dies before the distribution of the Participant's interest has begun pursuant to the Required Minimum Distributions subsection, above, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

- a. 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 seventy and one-half (70-1/2), if later. 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 surviving spouse.
- b. If the Participant's surviving spouse is not the Participant's sole Designated Beneficiary, then distributions to the Designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died. 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.
- c. 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 (5th) anniversary of the Participant's death.

- d. 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 will apply as if the surviving spouse were the Participant.
3. For purposes of this subsection, distributions are considered to begin on the Participant's Required Beginning Date; provided, however, that 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, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under subparagraph a, above.
4. If the Participant dies before the distribution of the Participant's interest has begun pursuant to the Required Minimum Distributions subsection, above, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth (5th) anniversary of the Participant's death.
5. For purposes of this section, any amount paid to a child shall be treated as if it had been paid to the surviving spouse if such amount will become payable to the surviving spouse upon such child reaching majority or such other designated event all as prescribed by the Secretary of the Treasury.

**10.06. Distributions To Incapacitated Participants.**

If the Administrator determines that a Participant or Beneficiary who is entitled to a payment under the Plan is not able to care for his or her affairs due to a mental condition, a physical condition, or by reason of age, the Administrator may make all benefit distributions to the Participant's or Beneficiary's parent, guardian, conservator, trustee, custodian (including a custodian under the Uniform Transfers to Minors Act or the Uniform Gifts to Minors Act) or to his or her attorney-in-fact or other legal representative upon receiving evidence of such status satisfactory to the Administrator, in its sole discretion. Payments made pursuant to the terms of this Distributions To Incapacitated Individuals section shall constitute a distribution to the Participant or Beneficiary entitled thereto, and shall immediately discharge the Employer, Administrator, Trustee, the Plan and the Trust of any further liability

therefor. Neither the Administrator nor the Trustee has a duty to inquire or investigate the competence of any Participant or Beneficiary entitled to receive payments under the Plan.

10.07. Repayment Of Overpayment Of Benefits.

By accepting payment of benefits under the Plan, the Participant or Beneficiary receiving the payment agrees that, in the event of overpayment, the Participant or Beneficiary will promptly repay the amount of overpayment without interest upon notice by the Administrator; provided that, if the Participant or Beneficiary has not repaid the overpayment within thirty (30) days after notice:

- A. The Participant or Beneficiary will also pay an amount equal to simple interest at the rate of ten percent (10%) per annum (or the highest rate allowable, if less) on the unpaid amount from the date of overpayment to the date of repayment, and in addition will pay all legal fees, court costs and the reasonable time value of the Trustee, Administrator or Employer, or any of their employees or agents, related to the collection of such overpayment; and
- B. The Administrator shall arrange to recover the amount of such overpayment from any amount then payable, or that may become payable, to the Participant or Beneficiary under the Plan.

10.08. Qualified Domestic Relations Order Payments.

- A. All rights and benefits, including elections, provided to a Participant in the Plan shall be subject to the rights afforded to any "alternate payee" under a "qualified domestic relations order" as those terms are defined in Code section 414(p). A domestic relations order will not fail to be a qualified domestic relations order (i) because the order is issued after, or revises another domestic relations order or qualified domestic relations order, or (ii) because of the time at which the order is issued, including the issuance after the Participant's death.
- B. The Administrator may segregate assets for an alternate payee in accordance with a qualified domestic relations order. All rights and benefits, including elections, provided to a Participant shall be subject to the rights afforded to any alternate payee under a qualified domestic relations order.
- C. A distribution may be made to an alternate payee pursuant to a qualified domestic relations order prior to the times otherwise specified in this Plan, if the qualified domestic relations order



requires such a distribution even if the Participant is not yet entitled to receive a distribution; provided, however, that nothing contained in this provision nor such qualified domestic relations order shall entitle a Participant to a distribution prior to the time as otherwise determined under the Plan.

D. The Administrator shall establish reasonable procedures to determine whether a domestic relations order is a qualified domestic relations order and to administer distributions under such an order. If any domestic relations order is received by the Plan, the Administrator shall:

1. Promptly notify the Participant and any alternate payee that the order has been received and of the Plan's procedures for determining whether the order is a qualified domestic relations order; and
2. Determine within a reasonable period after receipt of the order whether it is a qualified domestic relations order and notify the Participant and each alternate payee of the Administrator's determination.

E. During any period when the issue of whether a domestic relations order is a qualified domestic relations order is being determined by the Administrator, a court of competent jurisdiction or otherwise, the Administrator shall segregate the amounts which would have been payable to the alternate payee during such period if the order had been determined to be a qualified domestic relations order. If the order, or a modification of the order, is determined within eighteen (18) months to be a qualified domestic relations order, the Administrator shall segregate the amounts (as adjusted by attributable investment income or loss), in accordance with the Plan's provisions, for the entitled individual(s). If, within eighteen (18) months, the order is determined not to be a qualified domestic relations order or its status as a qualified domestic relations order is not resolved, the Administrator may pay the segregated amounts (as adjusted by attributable investment income or loss) to the individual(s) entitled to receive such amounts absent such order. Any determination that an order is a qualified domestic relations order made after the close of the eighteen (18) month period shall be applied prospectively only.

10.09. Nonliability.

The Employer does not guarantee the Trust, the Participants or their Beneficiaries against loss of or depreciation in value of any right or benefit that any of them may acquire under the terms of the Plan. All of the benefits payable hereunder shall be paid or provided for solely from the Trust Fund.

10.10. Mechanics Of Payment.

The Trustee, with respect to any benefit, is authorized to pay benefits directly from the Trust Fund to such person and in such amounts as authorized and specified by the Administrator.

10.11. Withholding.

The Administrator hereby specifically delegates to the Trustee the responsibility and liability for income tax withholding and to withhold the appropriate amount from any payment made from the Trust to a Participant or Beneficiary under the provisions of applicable law and Treasury regulations. The Administrator shall furnish the Trustee with all information necessary to accomplish such withholding function, as set forth in the Treasury regulations, or, if such information is not provided to the Trustee, the Administrator shall assume all relevant liability.

## ARTICLE 11. PLAN ADMINISTRATION

11.01. Employment Records.

The Employer shall maintain sufficient employment records to calculate benefits under the Plan for each Employee. The Employer shall make such records available to the Administrator, in a timely manner, and the Employer shall be responsible for the accuracy of such information, upon which the Administrator is entitled to rely.

11.02. Reports And Disclosure.

The Administrator shall prepare, file and distribute, in a timely manner, all reports and information to be disclosed to Participants as may be required by the Code or California law. The Administrator shall prepare such reports from records kept by it and information furnished by the Employer and the Trustee.

#### 11.03. Retention Of Records.

Every person subject to a requirement to file any description or report or to certify any information thereof, or who would be subject to such a requirement but for an exemption or simplified reporting requirement under the Code or California law, shall maintain records on the matters of which disclosure is required which will provide in sufficient detail the necessary basic information and data from which the documents thus required may be verified, explained or clarified and checked for accuracy and completeness, and shall include vouchers, worksheets, receipts and applicable resolutions, and shall keep such records available for examination for a period of not less than six (6) years after the filing date of the documents based on the information which they contain, or six (6) years after the date on which such documents would have been filed but for an exemption or simplified reporting requirement under the Code or California law.

#### 11.04. Powers And Responsibilities.

- A. The Employer shall be empowered to appoint and remove the Administrator from time to time as it deems necessary for the proper administration of the Plan and to assure that the Plan is being operated for the exclusive benefit of the Participants and their Beneficiaries in accordance with the terms of the Plan and the Code.
- B. The Employer shall periodically review the performance of any fiduciary or other person to whom duties have been delegated or allocated by it under the provisions of this Plan, or pursuant to procedures established hereunder, or under the provisions of the Trust. This requirement may be satisfied by formal periodic review by the Employer or by a qualified person specifically designated by the Employer, through day-to-day conduct and evaluation, or through other appropriate means.
- C. The Employer shall determine the size and type of any insurance to be purchased from any insurance company and designate the insurance company from which such insurance contract shall be purchased.
- D. The Employer shall compute and certify to the Trustee from time to time the sums of money necessary or desirable to be contributed to the Plan.
- E. The Employer shall consult with the Trustee regarding the short and long-term liquidity needs of the Plan in order that the Trustee

can exercise any investment discretion in a manner designed to accomplish specific objectives.

- F. The Employer shall prepare and implement a procedure for notifying prospective eligible Employees of their requirement to make Mandatory Contributions to the Plan as a condition of eligibility.
- G. The Employer shall assist any Participant regarding his rights, benefits or elections available under the Plan.

11.05. Designation Of Administrative Authority.

- A. The Employer shall be the Administrator. However, the Employer may appoint another person or persons to serve as the Administrator. Any person, including, but not limited to, the Employees of the Employer, shall be eligible to serve as an Administrator. Any person so appointed shall signify such appointee's acceptance by filing written acceptance with the Employer. An Administrator may resign by delivering a written resignation to the Employer or may be removed by the Employer with or without cause by delivery of written notice of removal, to take effect at a date specified therein, or upon delivery to the Administrator if no date is specified.
- B. The Employer, upon the resignation or removal of an Administrator, shall promptly designate in writing a successor to this position. If the Employer does not appoint a successor Administrator, the Employer will function as the Administrator.

11.06. Allocation And Delegation Of Responsibilities.

If more than one person is appointed as the Administrator, the responsibilities of each appointed person may be specified by the Employer and accepted in writing by each Administrator. In the event that the Employer makes no such delegation, the Administrators may allocate the responsibilities among themselves, in which event the Administrators shall notify the Employer and the Trustee in writing of such action and specify the responsibilities of each Administrator. The Trustee thereafter shall accept and rely upon any documents executed by the appropriate Administrator until such time as the Employer or the Administrator files with the Trustee a written revocation of such designation. Except where there has been an allocation and delegation of administrative authority pursuant to this section, if there shall be more than one Administrator, they shall act by a majority of their number, but may authorize one or more of them to sign all papers on their behalf.

The Administrators may act with or without a meeting being called or held and shall keep minutes of all meetings held and a record of all actions taken by written consent. No Administrator may participate in any decision that involves solely the Administrator's interest as a Participant in the Plan.

11.07. Powers And Duties Of The Administrator.

The primary responsibility of the Administrator is to administer the Plan for the exclusive benefit of the Participants and their Beneficiaries, subject to the specific terms of the Plan. The Administrator shall administer the Plan in accordance with its terms and shall have the power and discretion to interpret and construe the terms of the Plan, to decide any disputes and resolve any ambiguities which may arise relative to the rights of the Employees, past and present, and their Beneficiaries, under the terms of the Plan, and to determine all questions arising in connection with the administration, interpretation and application of the Plan. Any such determination by the Administrator shall be conclusive and binding upon all persons. The Administrator may establish procedures, correct any defect, supply any information, or reconcile any inconsistency in such manner and to such extent as shall be deemed necessary or advisable to carry out the purpose of the Plan; provided, however, that any such procedure, discretionary act, interpretation or construction shall be done in a nondiscriminatory manner based upon uniform principles consistently applied and shall be consistent with the intent that the Plan shall continue to be deemed a qualified plan under the terms of Code section 401(a) and all regulations issued pursuant thereto. The Administrator shall have all powers necessary or appropriate to accomplish its duties under the Plan.

11.08. Administrative Functions.

The Administrator shall:

- A. Determine Participant eligibility;
- B. Compute and allocate Plan contributions;
- C. Compute and allocate Trust Fund gains and losses;
- D. Compute and allocate forfeitures and Vested interests;
- E. Calculate distributable benefits and instruct the Trustee as to the amount and frequency of payments to the distributee;



- F. Process claims and appeals from claims denied; and
- G. Make recommendations to the Employer and the Trustee concerning any phase of Plan management or administration.

11.09. Interpretation Of Trust.

The Administrator or its designee shall interpret and construe the provisions of the Trust, shall resolve any ambiguities in the Trust, and shall resolve any conflicts between the Plan and the Trust. The Administrator or its designee shall give instructions and directions to the Trustee as necessary and, in general, shall direct the administration of the Plan. The Administrator shall not, through interpretation of the Plan or the Trust or action under the Plan, increase the burden imposed upon the Trustee without the consent of the Trustee.

11.10. Settlement Of Disputes.

If any dispute arises between the Trustee and any other person, including, without limitation, the Administrator, the Employer or any Participant or Beneficiary under the Plan, with respect to the interpretation of the Plan or the Trust, or the duties of the Trustee, the Administrator or any other fiduciary, then neither the Trustee nor the Administrator shall be obligated to take any other action in connection with the matter involved in the controversy until such time as the controversy is resolved, unless this would clearly be imprudent or not in the best interest of the Participants and Beneficiaries. In addition, the Trustee may deposit (or the Administrator may direct the deposit) of the affected assets of the Trust in an interpleader action with the court of jurisdiction under applicable State law.

11.11. Appointment And Responsibility Of Representatives.

- A. With the consent of the Employer or its designee, the Administrator shall have the right and the power to appoint one or more representatives, accountants, counsel, specialists, and other advisory and clerical persons as it deems necessary or desirable to assist the Administrator in the administration of the Plan. All usual and reasonable expenses of such representatives, accountants, counsel, specialists, and other advisory and clerical persons may be paid in whole by the Plan, in whole by the Employer (if the Employer agrees to do so in advance), or in part by the Plan and in part by the Employer (if the Employer agrees to do so in advance).



- B. The Administrator may designate any person as its agent for any purpose. The designated representative of the Administrator shall be responsible only for those specific powers, duties, responsibilities and obligations specifically given to it by the Administrator. The Administrator, the Employer and any person to whom the Administrator may delegate any duty or power in connection with the Plan's administration may rely upon all tables, valuations, certificates, reports and opinions furnished by any duly appointed actuary, accountant (including employees who are actuaries or accountants), legal counsel, or other specialist, and they shall be fully protected whenever they take action based in good faith in reliance thereon. All actions taken in good faith reliance on advice from the advisors are conclusive upon all persons. Any benefits not paid by the Plan shall not be the responsibility of the designated representatives.

11.12. Appointment Of Fiduciaries And Agents.

The Employer or its designee shall have the right to hire and fire any fiduciary or agent, including the Trustee, the Administrator, or any agent designated pursuant to the Appointment And Responsibility Of Representatives section, above.

11.13. Compensation Of Administrator.

The Administrator(s) shall receive no compensation from the Trust for acting as such, but the Trust shall reimburse the Administrator(s) for all necessary and proper expenses incurred in carrying out its duties under the Plan.

11.14. Use Of Electronic Media.

In accordance with Treasury regulations section 1.401(a)-2, the Administrator may use telephonic or electronic media to satisfy the notice requirements under this Plan and to make appropriate administrative pronouncements.

## ARTICLE 12. THE RETIREMENT COMMITTEE

12.01. Appointment And Membership.

The Employer may appoint an administrative committee (Retirement Committee) of not less than three (3) persons to act on behalf of the Employer with respect to the Plan. The Employer shall certify to the Trustee the names and specimen signatures of the members of the Retirement Committee. The members of the Retirement Committee

shall serve at the pleasure of the Employer and any member may resign by written instrument addressed to the Employer and may be removed by the Employer with or without cause. While a vacancy exists, the remaining member or members of the Retirement Committee may perform any act which the Retirement Committee is authorized to perform. The decisions of the majority of the number of members of the Retirement Committee then in office shall constitute the final and binding act of the Retirement Committee. No member of the Retirement Committee may participate in any decision which involves solely his or her interest as a Participant of the Plan.

12.02. Delegation Of Powers.

Except with respect to the responsibility to interpret the Plan, the Retirement Committee from time to time may allocate to one (1) or more of its members and may delegate to any other persons or organizations any of its powers with respect to the operation and administration of the Plan. Any such allocation or delegation shall be reviewed periodically by the Retirement Committee and shall be terminable upon such notice as the Retirement Committee, in its sole discretion, deems reasonable and prudent under the circumstances. The Retirement Committee or any person or organization to whom its responsibilities and powers under this Delegation Of Powers section have been delegated, may employ persons or organizations to give advice or render services with respect to its duties hereunder; provided, however, that no such person or organization who is so employed shall have any discretionary authority or discretionary responsibility in the management, operation or administration of the Plan. Thus, without limitation, actuaries, attorneys, accountants and administrative consultants may be employed to render advice and services to the Plan.

12.03. Compensation And Reimbursement For Expenses.

The members of the Retirement Committee shall receive no compensation from the Trust for acting as such, but the Employer shall reimburse the Retirement Committee for all necessary and proper expenses incurred in carrying out its duties under this Plan.

12.04. Indemnification.

The Employer shall indemnify and hold harmless the members of the Retirement Committee and any other persons to whom any fiduciary duty with respect to the Plan is allocated or delegated pursuant to the Delegation Of Powers section, above, from and against any and all liabilities, claims, demands, costs and expenses, including attorneys' fees, arising out of an alleged breach in the performance of their

fiduciary duties under the Plan, other than such liabilities, claims, demands, costs and expenses as may result from the gross negligence or willful misconduct of such persons. The Employer shall have the right, but not the obligation, to conduct the defense of such persons in any proceeding to which this paragraph applies. In partial or full satisfaction of its obligations under this section, the Employer may purchase a policy or policies of insurance providing equivalent protection.

## ARTICLE 13. CLAIMS PROCEDURES

The Administrator shall have sole and absolute discretion to determine Participants' and Beneficiaries' rights to benefits under the Plan. All benefit claim decisions will be made in accordance with the terms of the Plan documents and the Plan terms will be applied consistently to all claimants.

### 13.01. Request For Information.

Any Participant or Beneficiary may request such information concerning the Participant's or Beneficiary's rights or benefits under the Plan and the Trust as would be required to be disclosed under part 1, title I of ERISA if ERISA applied to the Plan. The Administrator shall respond, in writing, within a reasonable time, not to exceed thirty (30) days, unless the failure to respond results from matters reasonably beyond the Administrator's control.

### 13.02. Claims For Benefits.

In order to receive benefits under the Plan, the Participant must submit satisfactory proof of entitlement to such a benefit as set forth in this Claims Procedures article.

### 13.03. Filing Claims.

Any Participant, Beneficiary, or duly authorized representative of a Participant or Beneficiary (Claimant) may file a claim for benefits to which such Claimant believes he or she is entitled. Claims must be made in writing and delivered to the Administrator in accordance with this Claims Procedures article. Claimants shall provide the Administrator with such information and evidence, and shall sign such documents, as may reasonably be requested from time to time for the purpose of administration of the Plan. A Claimant can initiate the claim process by submitting to the Administrator fully completed distribution election forms, if needed, or a letter clearly stating that a claim is being filed. However, a claim shall not be considered to be "filed" for the purposes of these claim and appeals procedures until all necessary and

applicable forms are completed and submitted to the Administrator. A claim will be considered submitted if delivered to the Administrator directly or in care of the office of the Employer that handles personnel and human resources matters.

13.04. Initial Determination Of Claim.

- A. The Administrator shall have full discretion to grant or deny a claim in whole or in part.
- B. The Administrator will notify the Claimant, in writing, of the granting or denying, in whole or in part, of such claim, within ninety (90) days after receipt of such claim, unless special circumstances require an extension of time for processing the claim. In no event may the extension exceed ninety (90) days from the end of the initial ninety (90) day period.
- C. If an extension of time is necessary, the Claimant must be given a written notice to this effect prior to the expiration of the initial ninety (90) day period and the notice must indicate the special circumstances requiring the extension and the date by which a decision will be made.
- D. If a claim is denied in whole or in part, the Administrator's notice denying such claim shall set forth, in a manner calculated to be understood by the Claimant, the following:
  - 1. The specific reason or reasons for the denial;
  - 2. Specific reference to pertinent Plan provisions on which the denial is based;
  - 3. A description of any additional material or information necessary for the Claimant to perfect the claim and an explanation of why such material information is necessary; and
  - 4. An explanation of the Plan's claim review procedures.
- E. If notice of the granting or denying of a claim is not furnished in accordance with the preceding provisions, the claim shall be deemed denied and the Claimant shall be permitted to exercise the Claimant's right to review pursuant to the Claims Appeals section, below.

F. If the Plan provides for disability benefits and disability is not defined in accordance with the requirements of the federal Social Security Act, then in the case of an initial claim for disability benefits the following additional requirements shall apply:

1. The Administrator shall notify the Claimant of the Administrator's determination of the claim no later than forty-five (45) days after receipt of the claim. This period may be extended up to thirty (30) days, provided that the Administrator determines that the extension is necessary due to matters beyond the control of the Plan and notifies the Claimant prior to the expiration of the initial forty-five (45) day period of the circumstances requiring the extension and the date by which the Administrator expects to render a determination. If, prior to the expiration of the initial thirty (30) day extension, the Administrator determines that a determination cannot be made within the extension period due to matters beyond the control of the Plan, the period for making the determination may be extended for up to an additional thirty (30) days, provided that the Administrator notifies the Claimant prior to the expiration of the initial thirty (30) day extension period of the circumstances requiring the extension and the date by which the Administrator expects to render a determination. In the case of any extension under this paragraph, the notice of extension shall specifically explain the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim and the additional information required to resolve those issues. The Claimant shall have at least forty-five (45) days in which to provide the required information.

2. In addition to the information required to be specified in the notice of claim denial described in this section, a notice of denial of a claim for disability benefits shall include:

a. If an internal rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination, the specific rule, guideline or protocol or other similar criterion relied upon in making the adverse determination; and

b. If the adverse benefit determination is based on a medical necessity or experimental treatment or other similar exclusion or limit, an explanation of the scientific or clinical judgment for the determination,



applying the terms of the Plan to the Claimant's medical circumstances.

13.05. Claims Appeals.

- A. If a Claimant wishes to appeal a denial of a claim, the Claimant or the Claimant's duly authorized representative:
  - 1. May request a review upon written application to the Administrator;
  - 2. May submit written comments, documents, records, and other information relating to the claim; and
  - 3. May obtain, upon request and free of charge reasonable access to, and copies of, all documents, records, and other information relevant (determined in accordance with Department of Labor regulations section 2560.503-1(m)(8)) to the Claimant's claim for benefits.
- B. The written request for review must be received by the Administrator no later than sixty (60) days after the Claimant receives notice that the Claimant's claim for Plan benefits has been denied.
- C. The decision on the review shall be made by the Administrator, who may, in its discretion, hold a hearing on the denied claim.
- D. The Administrator shall make its decision promptly, and not later than sixty (60) days after the Administrator's receipt of the request for a review, unless the Administrator determines that special circumstances require an extension of time for processing the claim. If the Administrator determines that an extension of time for processing is required, this period may be extended no more than sixty (60) days from the end of the initial sixty (60) day period, in which case the Administrator shall give the Claimant a written notice to this effect prior to the expiration of the initial sixty (60) day period and the notice shall indicate the special circumstances requiring the extension of time and the date by which a decision will be made on review.
- E. The decision on review must be written in a manner calculated to be understood by the Claimant. In the case of an adverse benefit determination, the notification to the Claimant shall set forth, in a manner calculated to be understood by the Claimant, the following:



1. The specific reason or reasons for the denial;
2. Specific reference to pertinent Plan provisions on which the denial is based; and
3. 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 (determined in accordance with Department of Labor regulations section 2560.503-1(m)(8)) to the Claimant's claim for benefits.

F. If the decision on review is not furnished to the Claimant within the time required in this section, the claim shall be deemed denied on review and the Claimant shall be permitted to exercise the Claimant's right to legal remedy pursuant to the remaining sections of this Claims Procedures article.

G. If the Plan provides for disability benefits and disability is not defined in accordance with the requirements of the federal Social Security Act, then in the case of claims appeal for disability benefits the following additional requirements shall apply:

1. A Claimant must file an appeal of a denied claim for disability benefits no later than one hundred eighty (180) days following receipt of a notification of claim denial.
2. The review of an appeal of a denied claim for disability benefits may not afford deference to the initial adverse benefit determination and must be performed by an appropriate named fiduciary of the Plan who is neither the individual who made the adverse benefit determination that is the subject of the appeal nor a subordinate of that individual.
3. In deciding an appeal of an adverse disability benefit determination that is based in whole or in part on medical judgment, the appropriate named fiduciary shall consult with a health care professional with appropriate training and experience in the field of medicine involved in the medical judgment. Such health care professional shall be an individual who is neither a health care professional consulted in the initial benefit determination nor a subordinate of any such individual.

4. Any medical or vocational experts whose advice was obtained on behalf of the Plan in connection with the initial adverse benefit determination shall be identified, without regard to whether the advice was relied upon in making the initial benefit determination.
5. The provisions of this section shall govern the procedures for notifying a Claimant of denial of a disability claim on review, except that a period of forty-five (45) days shall govern rather than sixty (60) days.
6. Any notice of adverse determination on review of a Disability claim shall include, in addition to those items specified in this section, the following:
  - a. If an internal rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination, the specific rule, guideline or protocol or other similar criterion relied upon in making the adverse determination; and
  - b. If the adverse benefit determination is based on a medical necessity or experimental treatment or other similar exclusion or limit, an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the Claimant's medical circumstances.

#### 13.06. Legal Actions.

- A. A Claimant must submit a written claim and exhaust the preceding claims procedures before legal recourse of any type is sought. Except as explicitly permitted by statute, the Administrator and the Employer are the only necessary parties to any action or proceeding that involves the Plan or the administration of the Plan. No Participants or their Beneficiaries or any person having or claiming to have an interest under the Plan is entitled to notice of process. Any final judgment that is not appealable for any reason (including the passage of time) and that is entered in an action or proceeding involving the Plan is binding and conclusive on the parties to the Plan and all persons having or claiming to have any interest under the Plan.
- B. Judicial review of a Claimant's denied claim shall be limited to a determination of whether there was an abuse of discretion. A

Claimant may commence no legal action more than three (3) years after the final decision denying the claim.

13.07. Administration Pending Resolution Of Disputes.

If a dispute arises with respect to any matter under the Plan, the Administrator may refrain from taking any other or further action in connection with the matter involved in the controversy until the dispute has been resolved under the Plan. If a dispute arises as to the proper amount or recipient of any payment of benefits, the Administrator, in the Administrator's sole and absolute discretion, may withhold or cause to be withheld such payment until the dispute has been settled by the parties concerned, or the Administrator may deposit such funds or property with the court in an interpleader action brought under the law of the State having jurisdiction.

ARTICLE 14. AMENDMENTS AND TERMINATION

14.01. Amendments.

- A. The Employer reserves the right to amend the Plan and the Trust at any time without the consent of the Administrator, any Trustee or any fiduciary, or any Participant or Beneficiary; provided, however, that except in accordance with the provisions of the Plan or as otherwise specifically permitted by law, no such amendment shall:
  - 1. Cause any of the assets of the Trust Fund to be used for or diverted to purposes other than for the exclusive benefit of Participants and their Beneficiaries;
  - 2. Have any retroactive effect so as to deprive any Participant or Beneficiary of any benefit already Vested, except that such changes may be made as may be required to permit the Plan and the Trust to meet the requirements of the Code with respect to the qualification of the Plan and the exemption of the Trust under Code sections 401(a) and 501(a), or any similar statutes enacted in lieu thereof; or
  - 3. Increase the duties or liabilities of the Trustee without the Trustee's consent.
- B. Any such Plan amendment shall be made by means of a written instrument identified as an amendment of the Plan effective as of a specified date.

- C. Notwithstanding any other provision of the Plan to the contrary, if there is a scrivener's error in properly transcribing the provisions of the Plan, it shall not be a violation of the Plan terms to operate the Plan in accordance with its proper provisions, rather than in accordance with the term of the Plan, pending correction of the Plan through amendment. In addition, any provisions of the Plan improperly added as a result of scrivener's error shall be considered null and void as of the date such error occurred.

#### 14.02. No Amendment To Reduce Prior Earned Benefits.

Except as otherwise specifically permitted by law, the Employer shall not have the right to modify or amend the Plan retroactively in such manner as to deprive any Participant or Beneficiary of any benefit to which such Participant or Beneficiary was entitled under the Plan by reason of contributions made prior thereto, unless such modification or amendment is necessary to conform the Plan to, or to satisfy the conditions of, any law, governmental regulations or rulings, and to permit the Plan and the Trust to meet the requirements of Code sections 401(a) and 501(a), or any similar statutes enacted in lieu thereof.

#### 14.03. Plan Termination.

The Employer expects to continue the Plan indefinitely, but reserves the right to terminate the Plan in part or in whole at any time by appropriate action. In the event of such termination or a partial termination, as determined in accordance with the standards established by the Internal Revenue Service through Treasury regulations and Revenue Rulings, each affected Employee shall become one hundred percent (100%) Vested in the Participant's Account. The Employer shall thereupon give written directions to the Administrator and the Trustee to either:

- A. Terminate the Plan and the Trust and direct the Trustee to distribute to the Participants; or
- B. Cease future contributions under the Plan and continue the Trust, with distributions to be made to a Participant pursuant to the Plan upon the Participant's Severance From Employment.

#### 14.04. Reversions.

Except as provided below and as otherwise specifically permitted by law, it shall be impossible by operation of the Plan or of the Trust, by termination of either, by power of revocation or amendment, by the

happening of any contingency, by collateral arrangement or by any other means, for any part of the corpus or income of any Trust Fund maintained pursuant to the Plan or any funds contributed thereto to be used for, or diverted to, purposes other than the exclusive benefit of Participants or their Beneficiaries; provided, however:

- A. In the case of a contribution that is made by an Employer by a mistake of fact, the Trustee may return such contribution to the Employer within one (1) year after the payment of the contribution.
- B. If, upon termination of the Plan, there is any balance remaining in the Trust after the satisfaction of all liabilities to the Participants and their Beneficiaries, the Trustee shall correct the existence of the unallocated amounts in accordance with the requirements of the Employee Plans Compliance Resolution System as described in Rev. Proc. 2013-12 and any subsequent guidance.

14.05. Segregation Of Trust Assets.

If the Plan initially or subsequently does not qualify under Code section 401(a), or is terminated, and if the Trustee has commingled the assets of the Trust with assets belonging to other exempt employees' trusts, or for tax purposes reports the income and distribution of the Trust as part of a single trust, the Administrator shall direct the Trustee to forthwith segregate the assets of the Trust for accounting and tax purposes and treat such Trust as a separate and distinct trust.

14.06. Transfer To New Plan.

If the Employer establishes another plan that is qualified under Code section 401(a) and the Employer intends to discontinue contributions under this Plan due to the liabilities created under the new plan, then the Employer may direct the Trustee to cause all Trust Funds to be transferred to such newly-created plan to the extent they are allocated to the Accounts maintained with respect to any Employee or former Employee of such Employer who is a Participant or Beneficiary. Thereafter, notwithstanding the provisions of the Plan Termination section, above, all further obligations of the Plan and Trust to such Participants, their Beneficiaries or the Employer under this Plan shall cease and shall instead be determined by the terms of the new plan. Neither the Employer nor the Trustee shall be required to ascertain the proper applicability of such funds after the transfer is made.



14.07. Plan Merger.

In the event of any merger or consolidation with, or the transfer of assets or liabilities to any other plan, each Participant in the Plan shall (if the Plan then terminated) receive a benefit immediately after the merger, consolidation or transfer which is equal to or greater than the benefit that the Participant would have been entitled to receive immediately before the merger, consolidation or transfer (if the Plan then terminated).

ARTICLE 15. MISCELLANEOUS

15.01. Nonalienation Of Benefits.

- A. Subject to the exceptions provided below and as otherwise specifically permitted by law, no assets or benefits under the Plan and the Trust shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge. Any attempt to so anticipate, alienate, sell, transfer, assign, pledge, encumber or charge the same shall be void. Nor shall any such benefits in any manner be liable for or subject to the debts, contracts, liabilities or torts of the person entitled to such benefits; provided, however, that there shall not be taken into account any voluntary and revocable assignment of not to exceed ten percent (10%) of any benefit payment made by a Participant who is receiving benefits under the Plan unless the assignment or alienation is made for purposes of defraying plan administration costs as otherwise provided in the Plan.
- B. The prohibitions contained in this Nonalienation Of Benefits section shall not apply to a "qualified domestic relations order" as defined in Code section 414(p), and those other domestic relations orders permitted to be so treated by the Administrator under the provisions of the Retirement Equity Act of 1984. The Administrator shall establish a written procedure to determine the qualified status of domestic relations orders and to administer distributions under such qualified orders.
- C. The prohibitions contained in this Nonalienation Of Benefits section shall not apply to any arrangement for the recovery by the Plan of overpayments of benefits previously made to a Participant or Beneficiary.
- D. The prohibitions contained in this Nonalienation Of Benefits section shall not apply to any offset of a Participant's benefits provided under the Plan against the amount that the Participant is



ordered or required to pay to the Plan; provided, however, that the following requirements are satisfied:

1. The order or requirement to pay arises under one of the following circumstances:
  - a. Under a judgment or conviction for a crime involving the Plan;
  - b. Under a civil judgment, including a consent order or decree, entered by a court; or
  - c. Pursuant to a settlement agreement between the Plan and the Participant; and
2. The judgment, order, decree or settlement agreement expressly provides for the offset of all or a part of the amount ordered or required to be paid to the Plan against the Participant's Plan benefits.

15.02. Employee Plans Compliance Resolution System.

In accordance with the requirements of the Employee Plans Compliance Resolution System as described in Rev. Proc. 2013-12 and any subsequent guidance, the Administrator has the authority to correct any Plan document, operational, demographic and Employer eligibility failures through self correction (if applicable) or voluntary correction with Internal Revenue Service approval.

15.03. Limitation Of Rights; Employment Relationship.

Nothing contained in the Plan shall be construed as a contract of employment between the Employer and any Employee, or as a right of any Employee to be continued in the employment of the Employer, or as creating or modifying the terms of an Employee's employment, or as a limitation on the right of the Employer to discharge any Employee, with or without cause. Unless the law or the Plan explicitly provides otherwise, rights under any other employee benefit plan maintained by the Employer (for example, benefits upon an Employee's death, retirement, or other termination) do not create any rights under the Plan to benefits or continued participation. The fact that an individual is eligible to receive benefits under the Plan does not create any rights under any other employee benefit plan maintained by any Employer, unless that plan or the law explicitly provides otherwise.

15.04. Limitation Of Rights Of Participants And Others.

Neither the establishment of the Plan or the Trust, nor any modifications thereof, nor the creation of any fund or account, nor the payment of any benefits, shall be construed as giving to any Participant or any other person any legal or equitable right against the Employer, the Administrator, or its designated representative, or the Trustee, except as expressly provided herein or as provided by law.

15.05. Release From Liability.

Any payment to any Participant, or to the Participant's legal guardian or Beneficiary, in accordance with the provisions of the Plan, shall to the extent thereof be in full satisfaction of all claims hereunder against the Plan, the Employer, the Administrator and the Trustee, any of whom may require such Participant, legal guardian or Beneficiary, as a condition precedent to such payment, to execute a receipt and release therefor in such form as shall be determined by the Employer, the Administrator or the Trustee, as the case may be.

15.06. Indemnity.

The Employer hereby agrees to indemnify and hold harmless each present and future Administrator and its employees, and all duly authorized agents, against all liabilities, costs and expenses, including, without limitation, attorneys' fees reasonably incurred by, or imposed upon, such person in connection with, or arising out of, any claims, demands, suits, actions or proceedings in which such indemnified party may be involved, except in the case of the willful misconduct of any such indemnified party. Expenses shall include the cost of reasonable settlement made with the view to curtailment of costs of litigation. The foregoing right of indemnification shall not be exclusive of other rights to which such indemnified party may be entitled as a matter of law.

15.07. Expenses.

Upon written instructions from the Administrator, the Trustee shall pay from the Trust Fund the expenses necessary to carry out the administration of the Plan.

15.08. Construction.

No provision of the Plan shall be construed to conflict with any Treasury Department, Department of Labor or Internal Revenue Service regulation, ruling, release or proposed regulation or other order which affects, or could affect, the terms of the Plan. If any provision is

susceptible of more than one interpretation, such interpretation shall be given thereto as is consistent with the Plan being in conformity with Code section 401(a) and administered in conformity with any federal or State laws that apply to the Plan.

15.09. Headings.

The headings and subheadings of the Plan have been inserted for convenience of reference and are to be ignored in any construction of the provisions hereof.

15.10. Uniformity.

All provisions of the Plan shall be interpreted and applied in a uniform, nondiscriminatory manner.

15.11. Gender And Number.

Any reference in the masculine gender herein shall be deemed to also include the feminine gender, unless expressly provided otherwise. Wherever appropriate, any reference in this document in the singular shall include the plural and any reference in the plural shall include the singular.

15.12. Controlling Law.

Unless otherwise provided in the Plan, the Plan shall be construed and enforced according to the laws of the United States of America to the extent applicable, otherwise by the laws of State where the sponsoring Employer's principal place of business is located.

15.13. Amendment Of Laws.

All references to sections of the Code, or any Treasury regulations or rulings thereunder, shall be deemed to refer to such sections as they may subsequently be modified, amended, replaced or amplified by any federal statutes, regulations or rulings of similar application and importance.

15.14. Severability.

In the event that any provisions of the Plan shall be held illegal or invalid for any reason by operation of law or a court of competent jurisdiction, said illegality or invalidity shall not affect the remaining legal and valid provisions of this document. The Plan shall continue as if said illegal or invalid provisions had not been included herein either initially, or beyond

the date it is first held to be illegal or invalid, but only if the basic purposes hereof can be effected through the remaining valid and legal provisions.

15.15. Waiver.

Failure to insist upon strict compliance with any provision of the Plan shall not be deemed to be a waiver of such provision or any other provision; waiver of breach of any provision of the Plan shall not be deemed to be a waiver of any other provision or subsequent breach of such provision. No term, condition, or provision of the Plan shall be deemed waived unless the purported waiver is in a writing signed by the party to be charged. No written waiver shall be deemed a continuing waiver unless so specifically stated in the writing, and such waiver shall operate only as to the specific term, condition, or provision waived.

15.16. Entire Document.

This document and any appendices or supplements hereto shall constitute the entire document and shall govern the rights, liabilities and obligations of the parties under the Plan, except as it may be modified.

Executed this 23<sup>rd</sup> day of October, 2013.

CITY OF RIPON

By: Dean H. Uecker

Title: Mayor