



**Notice of Regular Meeting**  
**Oceano Community Services District - Board of Directors Agenda**  
WEDNESDAY, June 14, 2017 – 5:30 P.M.  
Oceano Community Services District Board Room  
1655 Front Street, Oceano, CA

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All items on the agenda including information items, may be deliberated. Any member of the public with an interest in one of these items should review the background material and request information on the possible action that could be taken.

All persons desiring to speak during any Public Comment period are asked to fill out a "Board Appearance Form" to submit to the General Manager prior to the start of the meeting. Each individual speaker is limited to a presentation time of THREE (3) minutes per item. Persons wishing to speak on more than one item shall limit his/her remarks to a total of SIX (6) minutes. This time may be allocated between items in one minute increments up to three minutes. Time limits may not be yielded to or shared with other speakers.

1. CALL TO ORDER: (At 6:00 since no closed session items are on the agenda)
2. ROLL CALL:
3. FLAG SALUTE:
4. AGENDA REVIEW:
5. CLOSED SESSION:
6. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA: **(NOT BEGINNING BEFORE 6:00 PM)**

*This public comment period provides an opportunity for members of the public to address the Board on matters of interest within the jurisdiction of the District that are not listed on the agenda. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.*

7. SPECIAL PRESENTATIONS & REPORTS:

A. STAFF REPORTS:

- i. Operations - Field Supervisor Tony Marraccino
- ii. FCFA Operations - Chief Steve Lieberman
- iii. OCSD General Manager - Paavo Ogren
- iv. Sheriff's South Station - Commander Stuart MacDonald OCSD

B. BOARD OF DIRECTORS AND OUTSIDE COMMITTEE REPORTS:

- i. Director Angello
- ii. Director Brunet
- iii. President White
- iv. Vice President Austin
- v. Director Coalwell

C. PUBLIC COMMENT ON SPECIAL PRESENTATIONS AND REPORTS:

*This public comment period provides an opportunity for members of the public to address the Board on matters discussed during Agenda Item #7 – Special Presentations and Reports. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.*

8. CONSENT AGENDA ITEMS:

**Public comment** Members of the public wishing to speak on consent agenda items may do so when recognized by the Presiding Officer. To facilitate public comment we request persons wishing to speak to fill out a speak request form and give it to the General Manager. Public comment is limited to three (3) minutes.

- A. Review and Approval of Minutes for the Regular Meeting on May 24, 2017
- B. Review and Approval of Cash Disbursements
- C. Submittal for approval an Intent to Serve Letter to Michael Fisher; 1358 Strand Way; Assessor's Parcel No. 061-021-081
- D. Submittal for approval an Intent to Serve Letter to Michael Fisher; 1362 Strand Way; Assessor's Parcel No. 061-021-082

9. BUSINESS ITEMS:

**Public comment** Members of the public wishing to speak on public hearing items may do so when recognized by the Presiding Officer. To facilitate public comment we request persons wishing to speak to fill out a speak request form and give it to the General Manager. Public comment is limited to three (3) minutes.

- A. Consideration of a recommendation to approve a Single Day Use Permit for use of District facilities on July 6, 2017 for California Rural Water Association (CRWA).
- B. Review and discussion of the Annual Energy Report provided by the County of San Luis Obispo Energy Watch Program
- C. Consideration of a recommendation to receive and file a report on charges and delinquencies and to set a public hearing for July 12, 2017 to authorize collection on 2017-18 property tax bills
- D. Approval of recommendation authorizing the President to execute a Resolution establishing the CalPERS Supplemental Income 457 Plan and terminating the Nationwide Retirement Services 457 Plan

10. HEARING ITEMS:

11. RECEIVED WRITTEN COMMUNICATIONS:

12. LATE RECEIVED WRITTEN COMMUNICATIONS:

13. FUTURE AGENDA ITEMS: District Policies Continued; Professional Service Proposals; Roles and Responsibilities with Related Agencies; Emergency Generator.

14. FUTURE HEARING ITEMS: Budgets (June 28<sup>th</sup>); Collection of delinquent water, sewer, garbage and other charges on 2017-18 property tax bills (July 12<sup>th</sup>); Rescinding the drought emergency (July 26<sup>th</sup>)

## AGENDA ADDENDUM MATERIALS:

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This agenda was prepared and posted pursuant to Government Code Section 54954.2. Agenda is posted at the Oceano Community Services District, 1655 Front Street, Oceano, CA. Agenda and reports can be accessed and downloaded from the Oceano Community Services District website at [www.oceanocsd.org](http://www.oceanocsd.org)

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**ASSISTANCE FOR THE DISABLED** If you are disabled in any way and need accommodation to participate in the Board meeting, please call the Clerk of the Board at (805) 481-6730 for assistance at least three (3) working days prior to the meeting so necessary arrangements can be made.

**ASISTENCIA A DISCAPACITADO** Si usted está incapacitado de ninguna manera y necesita alojamiento para participar en la reunión de la Junta, por favor llame a la Secretaría de la Junta al (805) 481-6730 para recibir asistencia por lo menos tres (3) días antes de la reunión para que los arreglos necesarios puedan ser hechos.



# Oceano Community Services District

## Summary Minutes

Regular Meeting Wednesday, May 24, 2017 – 5:30 P.M.

Oceano Community Services District Board Room

1655 Front Street, Oceano, CA

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1. **CALL TO ORDER:** at 5:30 p.m. by President White
2. **FLAG SALUTE:** led by President White
3. **ROLL CALL:** Board members present Director Brunet, Director Coalwell, Vice President Austin, President White. Also present, District Legal Counsel Jeff Minnery, General Manager Paavo Ogren, Business and Accounting Manager Carey Casciola, and Board Secretary Celia Ruiz. Director Angello absent.
4. **AGENDA REVIEW:** Agenda approved as presented.
5. **CLOSED SESSION:** was entered at approximately 5:38pm. Open session was resumed at approximate 6:00:pm  
Public comment was received by Giselle Naylor.
  - A. Pursuant to Government Code §54956.9 (d)(2): Conference with District Counsel regarding anticipated litigation. Number of cases: one (1).  
No reportable action
6. **PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA (NOT BEGINNING BEFORE 6:00 PM):**  
No public comment.
7. **SPECIAL PRESENTATIONS & REPORTS:**
  - a. **STAFF REPORTS:**
    - i. Operations - Field Supervisor Tony Marraccino reported 8 work orders, 14 USA's, 2 after hour call outs, 6 service orders, meter reads, re-reads, highs and lows, trash postings, sewer jetting, FCFA tour of facility to get a better understanding of the system, Lopez currently at 62%
    - ii. FCFA - Chief Steve Lieberman – None
    - iii. OCSD General Manager – None
    - iv. Sheriff's South Station - Commander Stewart MacDonald – None
  - b. **BOARD OF DIRECTORS AND OUTSIDE COMMITTEE REPORTS:**
    - i. Director Angello - Absent
    - ii. Director Brunet – reported on Zone 3 Advisory
    - iii. President White – attended Board of Supervisors meeting
    - iv. Vice President Austin – attended Board of Supervisors meeting
    - v. Director Coalwell – reported on SLO County Planning Commission
  - c. **PUBLIC COMMENT ON SPECIAL PRESENTATIONS AND REPORTS:**  
Public comment was received by Giselle Naylor.

<b>8 CONSENT AGENDA:</b>	<b>ACTION:</b>
a. Review and Approval of Minutes for the Regular Meeting on May 10, 2017	After an opportunity for public comment and brief Board discussion, staff recommendations were approved with a motion from Vice President Austin, a second by Director Brunet and a 4-0 vote. Public comment was received by Giselle Naylor.
b. Review and Approval of Cash Disbursements	
c. Consideration of a recommendation to approve safe and sane fireworks booth permits	
d. Submittal for approval an Intent to Serve Letter to Embree Asset Group, Inc.; 1900 Front; Assessor's Parcel No. 062-118-012	

<b>9 A BUSINESS ITEM:</b>	<b>ACTION:</b>
Update on the County's Highway One / 13th Street Drainage Project and authorization for the President to execute a Facility Use Agreement	After an opportunity for public comment and brief Board discussion, staff recommendations were approved with a motion from Director Coalwell, a second by Vice President Austin and a 4-0 vote. Public comment was received by Giselle Naylor.

<b>9 B BUSINESS ITEM:</b>	<b>ACTION:</b>
Discussion of a draft job description of a part-time Solid Waste Coordinator	After an opportunity for public comment and brief Board discussion, receive and file no action taken. Public comment was received by Giselle Naylor.

<b>9 C BUSINESS ITEM:</b>	<b>ACTION:</b>
Review of the Water Supply Budgets for Lopez and State Water	After an opportunity for public comment and brief Board discussion, receive and file no action taken. Public comment was received by Giselle Naylor.

10. **HEARING ITEMS:** None

11. **RECEIVED WRITTEN COMMUNICATIONS:** None

12. **LATE RECEIVED WRITTEN COMMUNICATIONS:** Email from Genaro Diaz from County of San Luis Obispo regarding Oceano Drainage Improvement Project Bids

13. **FUTURE AGENDA ITEMS:** District Policies Continued; Professional Service Proposals; Roles and Responsibilities with Related Agencies, Emergency Generator, Utility Relocation Hwy 1 & 13<sup>th</sup> St Improvements

14. **FUTURE HEARING ITEMS:** Budgets, July 26 rescinding District Resolution 2014-15 relating to the drought

15. **ADJOURNMENT:** at approximately 7:32 pm



# Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

**Date:** June 14, 2017

**To:** Board of Directors

**From:** Carey Casciola, Business and Accounting Manager

**Subject:** **Agenda Item #8B: Consideration of a Recommendation to Approve Cash Disbursements**

## Recommendation

It is recommended that your Board approve the attached cash disbursements.

## Discussion

The following is a summary of the attached cash disbursements:

Description	Amounts	
<b><u>Disbursements Requiring Board Approval prior to Payment:</u></b>		
Regular Payable Register – paid 06/14/2017	\$	51,470.03
	Sub-Total	\$ 51,459.29
<b><u>Reoccurring Payments for Board Review (authorized by Resolution 2016-07):</u></b>		
Payroll Gross Wages (period ending 05/27/2017)	\$	22,642.04
Reoccurring Health/Benefits – paid 05/24/2017	\$	5,913.10
Reoccurring Utility Disbursements - paid 05/24/2017	\$	755.60
	Sub-Total	\$ 29,310.74
	<b>Grand Total</b>	<b>\$ 80,780.77</b>

**Other Agency Involvement:** n/a

**Other Financial Considerations:** Amounts are within the authorized Fund level budgets.

## Results

The Board's review of cash disbursements is an integral component of the District's system of internal controls and promotes a well governed community.

6/08/2017 1:48 PM  
 COMPANY: 99 - POOLED CASH FUND  
 ACCOUNT: 1-1001-000 POOLED CASH OPERATING  
 TYPE: All  
 STATUS: All  
 FOLIO: All

CHECK RECONCILIATION REGISTER

CHECK DATE: 0/00/0000 THRU 99/99/9999  
 CLEAR DATE: 0/00/0000 THRU 99/99/9999  
 STATEMENT: 0/00/0000 THRU 99/99/9999  
 VOIDED DATE: 0/00/0000 THRU 99/99/9999  
 AMOUNT: 0.00 THRU 999,999,999.99  
 CHECK NUMBER: 056276 THRU 056298

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE
CHECK:	-----							
1-1001-000	6/08/2017	CHECK	056276	PETTY CASH	125.21CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056277	CALIBER AUDIT & ATTEST, LLP	12,720.00CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056278	WHITE, KAREN M.	250.00CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056279	DIVERSIFIED PROJECT SERVICES I	220.00CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056280	ARROYO GRANDE CHEVROLET	50.66CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056281	ADAMSKI MOROSKI MADDEN CUMBERL	4,966.50CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056282	CENTRAL COAST PRINTING	2,707.25CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056283	CENTRAL COAST TECHNOLOGY CONSU	316.06CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056284	NORHOLM BUILDERS, INC.	300.00CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056285	R & T EMBROIDERY, INC.	241.90CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056286	COALWELL, JAMES	250.00CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056287	BRUNET, ANDREW J.	250.00CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056288	ZENITH INSURANCE COMPANY	1,541.00CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056289	QUAGLINO ROOFING	7,210.00CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056290	EVERYWHERE RIGHT NOW, INC.	2,000.00CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056291	CITY OF ARROYO GRANDE	3,503.62CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056292	CLINICAL LAB OF SAN BERNARDINO	30.00CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056293	J.B. DEWAR, INC.	248.56CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056294	KNECHT'S PLUMBING & HEATING, I	13,159.00CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056295	MINER'S ACE HARDWARE, INC.	46.89CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056296	SLO CO PUBLIC HEALTH DEPT.	901.90CR	OUTSTND	A	0/00/0000
1-1001-000	6/08/2017	CHECK	056297	SHORELINE LANDSCAPE & MAINT. I	410.00CR	OUTSTND	A	0/00/0000

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE
CHECK: -----								
1-1001-000	6/08/2017	CHECK	056298	CARQUEST AUTO PARTS	21.48CR	OUTSTND	A	0/00/0000
TOTALS FOR ACCOUNT 1-1001-0				CHECK	TOTAL:	51,470.03CR		
				DEPOSIT	TOTAL:	0.00		
				INTEREST	TOTAL:	0.00		
				MISCELLANEOUS	TOTAL:	0.00		
				SERVICE CHARGE	TOTAL:	0.00		
				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		
TOTALS FOR POOLED CASH FUND				CHECK	TOTAL:	51,470.03CR		
				DEPOSIT	TOTAL:	0.00		
				INTEREST	TOTAL:	0.00		
				MISCELLANEOUS	TOTAL:	0.00		
				SERVICE CHARGE	TOTAL:	0.00		
				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		



# Pay Period Ending

5/27/2017

## Wages:

Net Wages Paid to Employees	<b>\$17,108.66</b>
Employee Paid Ductions for Taxes & Benefits	\$6,322.25
Gross Wages*	<u>\$23,430.91</u> *

## District Costs:

CalPERS	\$2,734.11
Health Benefits	\$2,472.01
Federal & State Taxes	\$327.26
Distirct Paid Benefits and Taxes	<u>\$5,533.38</u>
Total Personnal Costs this Payroll	<u><u>\$22,642.04</u></u>

## \*Gross Wages Breakdown:

Regular	\$21,609.41
Overtime Wages	\$1,121.50
Stand By	\$700.00
Gross Wages*	<u>\$23,430.91</u> *

COMPANY: 99 - POOLED CASH FUND  
 ACCOUNT: 1-1001-000 POOLED CASH OPERATING  
 TYPE: All  
 STATUS: All  
 FOLIO: All

CHECK DATE: 0/00/0000 THRU 99/99/9999  
 CLEAR DATE: 0/00/0000 THRU 99/99/9999  
 STATEMENT: 0/00/0000 THRU 99/99/9999  
 VOIDED DATE: 0/00/0000 THRU 99/99/9999  
 AMOUNT: 0.00 THRU 999,999,999.99  
 CHECK NUMBER: 056253 THRU 056256

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE
CHECK: -----								
1-1001-000	5/19/2017	CHECK	056253	THE LINCOLN NATIONAL LIFE INSU	1,010.14CR	OUTSTND	A	0/00/0000
1-1001-000	5/19/2017	CHECK	056254	VSP VISION	105.80CR	OUTSTND	A	0/00/0000
1-1001-000	5/19/2017	CHECK	056255	SEIU LOCAL 620	137.02CR	OUTSTND	A	0/00/0000
1-1001-000	5/19/2017	CHECK	056256	ANTHEM BLUE CROSS	4,660.14CR	OUTSTND	A	0/00/0000
TOTALS FOR ACCOUNT 1-1001-0				CHECK	TOTAL:	5,913.10CR		
				DEPOSIT	TOTAL:	0.00		
				INTEREST	TOTAL:	0.00		
				MISCELLANEOUS	TOTAL:	0.00		
				SERVICE CHARGE	TOTAL:	0.00		
				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		
TOTALS FOR POOLED CASH FUND				CHECK	TOTAL:	5,913.10CR		
				DEPOSIT	TOTAL:	0.00		
				INTEREST	TOTAL:	0.00		
				MISCELLANEOUS	TOTAL:	0.00		
				SERVICE CHARGE	TOTAL:	0.00		
				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
0206	RABOBANK EQUIPMENT LEASE I-54557558	RABOBANK EQUIPMENT LEASE	R	5/19/2017		755.60CR	056257	755.60

\* \* T O T A L S \* \*

	NO#	DISCOUNTS	CHECK AMT	TOTAL APPLIED
REGULAR CHECKS:	1	0.00	755.60	755.60
HANDWRITTEN CHECKS:	0	0.00	0.00	0.00
PRE-WRITE CHECKS:	0	0.00	0.00	0.00
DRAFTS:	0	0.00	0.00	0.00
VOID CHECKS:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
CORRECTIONS:	0	0.00	0.00	0.00
REGISTER TOTALS:	1	0.00	755.60	755.60

TOTAL ERRORS: 0                      TOTAL WARNINGS: 0



# Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

**Date:** June 14, 2017  
**To:** Board of Directors  
**From:** Celia Ruiz, Will Serve Coordinator  
**Via:** Paavo Ogren, General Manager  
**Subject:** **Agenda Item #8C:** Submittal for approval an Intent to Serve Letter to Michael Fisher; 1358 Strand Way; Assessor's Parcel No. 061-021-081

## Recommendation

That your Board provide direction to staff on issuing an intent to serve letter to Michael Fisher; 1358 Strand Way; Assessor's Parcel No. 061-021-081

## Discussion

Mr. Fisher submitted the attached request for an intent to serve letter on May 29, 2017. In response, staff has prepared the attached fee analysis for your Board's consideration. Staff has not identified any special concerns for the proposed development that would require any special conditions or denial of the request. Offsite improvements to upgrade the existing lateral will be required to accommodate a one inch (1") water meter, and a reimbursement agreement may be required pursuant to Resolution 2014-13 if the applicant requests that the District install the new lateral.

NAME OF APPLICANT	MICHAEL FISHER
APPLICATION DATE RECEIVED	MAY 29, 2017
ADDRESS	1358 STRAND WAY
ASSESSORS PARCEL NUMBER	061-021-081
TYPE OF USE	SINGLE FAMILY RESIDENCE
CONFIRMATION OF OWNERSHIP	YES
OFFSITE IMPROVEMENTS?	YES
REIMBURSEMENT AGREEMENT?	YES
PREVIOUS WILL SERVE ISSUED	NA
EXPIRATION DATE	NA
FEES REQUIRED	\$ 1,900
SSLOCS D FEE SIGN-OFF REQUIRED?	YES
FOG PROGRAM REQUIRED?	NO
SSLOCS D SIUP REQUIRED?	NO
LETTER FROM FCFA?	STILL NEEDED

## Current Status

The owner is in process of obtaining building permits from the County. Owner is proposing to demolish a current structure and



# Oceano Community Services District

Board of Directors Meeting

replace with a new 2 story single family residence. Therefore, the request is not for new service and the fees relating to new services do not apply.

## Other Agency Involvement

The County of San Luis Obispo issues building permits for land development in Oceano. The issuance of will-serve letters and conditions of development is also coordinated with the Five Cities Fire Authority and the South San Luis Obispo County Sanitation District.

## Other Financial Considerations

Fees due before building permits.

Description	Estimate
<i>Service Connection Fees</i>	
Meter 1"	\$ 1,350.00
Front Footage Charge	\$ 0.00
State Water Project/Lopez Dam Improvement Charge	\$ 0.00
Inspection Fee	\$ 25.00
Capacity Charges	\$ 0.00
<b>Total Estimated Water Fees</b>	<b>\$ 1,375.00</b>
Sewer Connection Fee	\$ 500.00
Inspection Fee	\$ 25.00
<b>Total Estimated Sewer Fees</b>	<b>\$ 525.00</b>
<b>Total Estimated Water and Sewer Fees</b>	<b>\$ 1,900.00</b>

## Results

Providing will serve letters for new development is consistent with the County's General Plan and the interests of the property owner.

Attachments:

- Intent to serve request from Michael Fisher
- Intent to serve letter



MAY 30 REC'D

# Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730

FAX (805) 481-6836

## INTENT-TO-SERVE APPLICATION

1. This is an application for: **Water and Sewer**

2. SLO County Planning Department/Tract or Development No.: \_\_\_\_\_

3. Attach a copy of SLO County application.

Note: District Intent-to-Serve letters expire twelve (12) months from date of issue, unless the project's County application is deemed complete.

4. Project location: 1358 STRAND WAY

5. Assessor's Parcel Number (APN) of lot(s) to be served: 061-021-081

6. Owner Name: MICHAEL FISHER

7. Mailing Address: 1151 Pike Lane 6 Oceano, Ca 93445

8. Email: blbfish@aol.com

9. Phone: 805.709.4293 FAX: \_\_\_\_\_

10. Agent's Information (Architect or Engineer):

Name: MICHAEL FISHER

Address: "Same"

Email: \_\_\_\_\_

Phone: \_\_\_\_\_ FAX: \_\_\_\_\_

11. Type of Project: (check box)

- Single-family dwelling units
- Multi-family dwelling units
- Commercial
- Mixed use (Commercial and Residential)

12. Site Plan:

All projects, submit full set of plans. Show parcel layout, water and sewer laterals, and general off-site improvements, as applicable.

13. Agreement:

The Applicant agrees that in accordance with generally accepted construction practices, Applicant shall assume sole and complete responsibility for the condition of the job site during the course of the project, including the safety of persons and property; that this requirement shall apply continuously and not be limited to normal working hours; and the Applicant shall defend, indemnify, and hold the District and District's agents, employees and consultants harmless from any and all claims, demands, damages, costs, expenses (including attorney's fees) judgments or liabilities arising out of the performance or attempted performance of the work on this project; except those claims, demands, damages, costs, expenses (including attorney's fees) judgments or liabilities resulting from the negligence or willful misconduct of the District.

Nothing in the foregoing indemnity provision shall be construed to require Applicant to indemnify District against any responsibility or liability or contravention of Civil Code §2782.

Comply with all District Rules and Regulations.

**Application Processing Fee.....\$ 30.00 per structure and/or separate residential unit, whichever is greater.**

Date 5/29/17 Signed [Signature]  
(Must be signed by owner or owner's agent)  
Print Name Mike [Signature]

June 14, 2017

Michael Fisher  
1151 Pike Lane, Unit 6  
Oceano, CA. 93445

**SUBJECT: Intent to Serve Letter – Water and Wastewater Collection  
APN 061-021-081; OCSD PROJECT # 6523 OWNER/PROJECT: FISHER / SINGLE FAMILY  
RESIDENCE**

Dear Fisher:

The purpose of this letter is in response to your request for a will serve letter dated May 29, 2017 and to provide you with a confirmation that it is the intent of the Oceano Community Services District (OCSD) to serve you water and provide you wastewater collections services for the project described in this letter.

Please understand that prior to obtaining any building permit from the County of San Luis Obispo for the project, you must obtain a final will-serve letter from the District. In order to obtain a final will-serve letter, the conditions of this "intent to serve" letter must be fully satisfied, or otherwise waived or modified by the Board of Directors unless the General Manager is authorized to modify or waive. In addition, other agencies related to the OCSD, specifically the Five Cities Fire Authority (FCFA) and the South San Luis Obispo County Sanitation District (SSLOCSD) may also have conditions that you must satisfy and provide proof of doing so to the OCSD.

In the event that facts and circumstances associated with your application include errors or omissions, or for other reasons needed to ensure compliance with the OCSD ordinances, resolutions and/or rules and regulations, the OCSD reserves the right to modify the conditions prior to approval of the final will serve letter. In the event of non-compliance with the OCSD requirements, the OCSD reserves the right to take any and all actions necessary to ensure compliance and to also request that the County of San Luis Obispo take any and all actions to help ensure compliance, including but not limited to stop notices on construction activities.

Oceano Community Services District intends to serve the single family residence proposed for 1358 Strand Way subject to the following conditions:

1. Payment of \$1,900 is due to OCSD.
2. Approval by OCSD of the following items on the project's plans and specifications submitted to the County of San Luis Obispo:
  - a. Onsite water and sewer services and cleanouts.
  - b. Offsite improvements if applicable. If off-site improvements are required, you must provide engineered plans and submit them to the District for review and approval, which may also include requirements from the FCFA and street lighting. You will also be required to execute a reimbursement agreement to cover costs of the OCSD on a time and materials basis.



3. If any of the OCSD facilities are required to be modified because of required conditions of the District or any other agency having jurisdiction over the proposed development, you are responsible for providing plans and specifications to the District for review and approval and for paying the costs of those modifications whether the work is done under your control or by the OCSD. You will also be required to execute a reimbursement agreement to cover costs of the OCSD on a time and materials basis.
4. If District facilities (such as water and/or sewer lines) extend into or across the subject property, you will be required to prepare and submit appropriate easement documents and/or encroachment permits for acceptance by the District's Board of Directors and recording with the County Clerk-Recorder.
5. You must provide letters from FCFA and SSLOCSD that indicates that they have reviewed your project and identifies any conditions that they require of the project. If no conditions are required by FCFA and/or SSLOCSD, the letter(s) must clearly state that no conditions are required.
6. All project improvements approved by OCSD will require final inspections by OCSD prior to the issuance of a final will serve letter.

This intent to serve letter will expire June 14, 2018 and is nontransferable. If you have any questions, please contact the office at (805) 481-6730.

Respectfully submitted,

OCEANO COMMUNITY SERVICES DISTRICT

Celia Ruiz, Will Serve Coordinator



# Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

**Date:** June 14, 2017

**To:** Board of Directors

**From:** Celia Ruiz, Will Serve Coordinator

**Via:** Paavo Ogren, General Manager

**Subject:** **Agenda Item #8D:** Submittal for approval an Intent to Serve Letter to Michael Fisher; 1362 Strand Way; Assessor's Parcel No. 061-021-082

## Recommendation

That your Board provide direction to staff on issuing an intent to serve letter to Michael Fisher; 1362 Strand Way; Assessor's Parcel No. 061-021-082

## Discussion

Mr. Fisher submitted the attached request for an intent to serve letter on May 29, 2017. In response, staff has prepared the attached fee analysis for your Board's consideration. Staff has not identified any special concerns for the proposed development that would require any special conditions or denial of the request. Offsite improvements to upgrade the existing lateral will be required to accommodate a one inch (1") water meter, and a reimbursement agreement may be required pursuant to Resolution 2014-13 if the applicant requests that the District install the new lateral.

NAME OF APPLICANT	MICHAEL FISHER
APPLICATION DATE RECEIVED	MAY 29, 2017
ADDRESS	1362 STRAND WAY
ASSESSORS PARCEL NUMBER	061-021-082
TYPE OF USE	SINGLE FAMILY RESIDENCE
CONFIRMATION OF OWNERSHIP	YES
OFFSITE IMPROVEMENTS?	YES
REIMBURSEMENT AGREEMENT?	YES
PREVIOUS WILL SERVE ISSUED	NA
EXPIRATION DATE	NA
FEES REQUIRED	\$ 1,375
SSLOCS D FEE SIGN-OFF REQUIRED?	YES
FOG PROGRAM REQUIRED?	NO
SSLOCS D SIUP REQUIRED?	NO
LETTER FROM FCFA?	STILL NEEDED

## Current Status

The owner is in process of obtaining building permits from the County. Owner is proposing to demolish a current structure and



replace with a new 2 story single family residence. Therefore, the request is not for new service and the fees relating to new services do not apply.

### Other Agency Involvement

The County of San Luis Obispo issues building permits for land development in Oceano. The issuance of will-serve letters and conditions of development is also coordinated with the Five Cities Fire Authority and the South San Luis Obispo County Sanitation District.

### Other Financial Considerations

Fees due before building permits.

Existing sewer lateral.

Description	Estimate
<i>Service Connection Fees</i>	
Meter 1"	\$ 1,350.00
Front Footage Charge	\$ 0.00
State Water Project/Lopez Dam Improvement Charge	\$ 0.00
Inspection Fee	\$ 25.00
Capacity Charges	\$ 0.00
<b>Total Estimated Water Fees</b>	<b>\$ 1,375.00</b>
Sewer Connection Fee	\$ 0.00
Inspection Fee	\$ 0.00
<b>Total Estimated Sewer Fees</b>	<b>\$ 0.00</b>
<b>Total Estimated Water and Sewer Fees</b>	<b>\$ 1,375.00</b>

### Results

Providing will serve letters for new development is consistent with the County's General Plan and the interests of the property owner.

Attachments:

- Intent to serve request from Michael Fisher
- Intent to serve letter



MAY 30 RECD

# Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730

FAX (805) 481-6836

## INTENT-TO-SERVE APPLICATION

1. This is an application for: **Water and Sewer**

2. SLO County Planning Department/Tract or Development No.: \_\_\_\_\_

3. Attach a copy of SLO County application.

Note: District Intent-to-Serve letters expire twelve (12) months from date of issue, unless the project's County application is deemed complete.

4. Project location: 1362 Strand Way

5. Assessor's Parcel Number (APN) of lot(s) to be served: 061-021-082

6. Owner Name: MICHAEL FISHER

7. Mailing Address: 1151 Ake Lane 6 Oceano, Ca 93445

8. Email: bl@fish@aol.com

9. Phone: 805-709-4293 FAX: \_\_\_\_\_

10. Agent's Information (Architect or Engineer):

Name: MICHAEL FISHER

Address: SAME

Email: \_\_\_\_\_

Phone: \_\_\_\_\_ FAX: \_\_\_\_\_

11. Type of Project: (check box)

- Single-family dwelling units
- Multi-family dwelling units
- Commercial
- Mixed use (Commercial and Residential)

12. Site Plan:

All projects, submit full set of plans. Show parcel layout, water and sewer laterals, and general off-site improvements, as applicable.

13. Agreement:

The Applicant agrees that in accordance with generally accepted construction practices, Applicant shall assume sole and complete responsibility for the condition of the job site during the course of the project, including the safety of persons and property; that this requirement shall apply continuously and not be limited to normal working hours; and the Applicant shall defend, indemnify, and hold the District and District's agents, employees and consultants harmless from any and all claims, demands, damages, costs, expenses (including attorney's fees) judgments or liabilities arising out of the performance or attempted performance of the work on this project; except those claims, demands, damages, costs, expenses (including attorney's fees) judgments or liabilities resulting from the negligence or willful misconduct of the District.

Nothing in the foregoing indemnity provision shall be construed to require Applicant to indemnify District against any responsibility or liability or contravention of Civil Code §2782.

Comply with all District Rules and Regulations.

**Application Processing Fee.....\$ 30.00 per structure and/or separate residential unit, whichever is greater.**

Date 5/29/17

Signed [Signature]

(Must be signed by owner or owner's agent)

Print Name Mike F. [Signature]

June 14, 2017

Michael Fisher  
1151 Pike Lane, Unit 6  
Oceano, CA. 93445

**SUBJECT: Intent to Serve Letter – Water and Wastewater Collection  
APN 061-021-082; OCSD PROJECT # 6524 OWNER/PROJECT: FISHER / SINGLE FAMILY  
RESIDENCE**

Dear Fisher:

The purpose of this letter is in response to your request for a will serve letter dated May 29, 2017 and to provide you with a confirmation that it is the intent of the Oceano Community Services District (OCSD) to serve you water and provide you wastewater collections services for the project described in this letter.

Please understand that prior to obtaining any building permit from the County of San Luis Obispo for the project, you must obtain a final will-serve letter from the District. In order to obtain a final will-serve letter, the conditions of this "intent to serve" letter must be fully satisfied, or otherwise waived or modified by the Board of Directors unless the General Manager is authorized to modify or waive. In addition, other agencies related to the OCSD, specifically the Five Cities Fire Authority (FCFA) and the South San Luis Obispo County Sanitation District (SSLOCSD) may also have conditions that you must satisfy and provide proof of doing so to the OCSD.

In the event that facts and circumstances associated with your application include errors or omissions, or for other reasons needed to ensure compliance with the OCSD ordinances, resolutions and/or rules and regulations, the OCSD reserves the right to modify the conditions prior to approval of the final will serve letter. In the event of non-compliance with the OCSD requirements, the OCSD reserves the right to take any and all actions necessary to ensure compliance and to also request that the County of San Luis Obispo take any and all actions to help ensure compliance, including but not limited to stop notices on construction activities.

Oceano Community Services District intends to serve the single family residence proposed for 1362 Strand Way subject to the following conditions:

1. Payment of \$ 1,375 is due to OCSD.
2. Approval by OCSD of the following items on the project's plans and specifications submitted to the County of San Luis Obispo:
  - a. Onsite water and sewer services and cleanouts.
  - b. Offsite improvements if applicable. If off-site improvements are required, you must provide engineered plans and submit them to the District for review and approval, which may also include requirements from the FCFA and street lighting. You will also be required to execute a reimbursement agreement to cover costs of the OCSD on a time and materials basis.

3. If any of the OCSD facilities are required to be modified because of required conditions of the District or any other agency having jurisdiction over the proposed development, you are responsible for providing plans and specifications to the District for review and approval and for paying the costs of those modifications whether the work is done under your control or by the OCSD. You will also be required to execute a reimbursement agreement to cover costs of the OCSD on a time and materials basis.
4. If District facilities (such as water and/or sewer lines) extend into or across the subject property, you will be required to prepare and submit appropriate easement documents and/or encroachment permits for acceptance by the District's Board of Directors and recording with the County Clerk-Recorder.
5. You must provide letters from FCFA and SSLOCSD that indicates that they have reviewed your project and identifies any conditions that they require of the project. If no conditions are required by FCFA and/or SSLOCSD, the letter(s) must clearly state that no conditions are required.
6. All project improvements approved by OCSD will require final inspections by OCSD prior to the issuance of a final will serve letter.

This intent to serve letter will expire June 14, 2018 and is nontransferable. If you have any questions, please contact the office at (805) 481-6730.

Respectfully submitted,

OCEANO COMMUNITY SERVICES DISTRICT

Celia Ruiz, Will Serve Coordinator



## Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

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**Date:** June 14, 2017

**To:** Board of Directors

**From:** Nicole Miller, Accounts Administrator II

**Subject:** Agenda Item #9A: Consideration of a recommendation to approve a Single Day Use Permit for use of District facilities on July 6, 2017 for California Rural Water Association (CRWA).

### **Recommendation**

It is recommended that your Board approve the attached Single Day Use Permit for July 6, 2017 for the CRWA to offer a free Leak Detection Training course of up to 40 participants.

### **Discussion**

The attached Single Day Use permit has been prepared for your Board to consider. An Acord insurance certificate and endorsement naming the District as additional insured has been received from the CRWA.

### **Other Agency Involvement**

N/A

### **Other Financial Considerations**

N/A

### **Results**

Providing access and use of the District facilities for continuing education helps to promote the betterment of Oceano residents and surrounding communities.

Attachments: Single Day Use Permit





# Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475  
(805) 481-6730 FAX (805) 481-6836

## SINGLE – DAY FACILITY USE PERMIT

**Date of Use:** 7/6/17 from 7 (a.m./p.m.) to 5 (a.m./p.m.) (“Term of Use”)

**Individual/Group Name:** California Rural Water Association (“Permittee”)

**Contact Name:** Pachia Vang (for Michael Sims)

**Address:** 1234 North Market Blvd, Sacramento CA 95834

**Phone:** 916-283-8514 **FAX:** 916-553-4904 **Email:** pvang@calruralwater.org

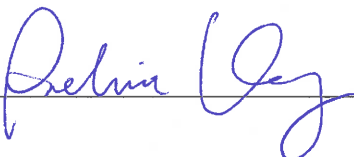
**Type of Event:**

**Facility:** The Oceano Community Services District Board Room, kitchen, bathrooms, and a limited outside area (“Facility”).

- 1. Agreement.** Permittee agrees to use the Facility with permission of the Oceano Community Services District (“District”) according to the terms of this Single-Day Facility Use Permit (“Permit”).
- 2. Facility Space.** The space under this permit is the District Board Room, the adjoining kitchen, the bathrooms, and the outside area between the District Board Room and the Five Cities Fire Authority Station. Permittee affirmatively represents that it has seen or otherwise understands the physical locations, rooms and facilities and acknowledges that the Facility is suitable for its intended purpose. Permittee understands and agrees that it shall not in any way interfere, disrupt or block access to the Fire Station. While Permittee may use the parking area for parking, it understands that the parking area shall not be used for any other purpose. A \$250.00 cleaning deposit is required along with this application.
- 3. Insurance.** A certificate of insurance is required. Permittee must procure, at its own expense, a Comprehensive General Liability Insurance policy in the amount of \$1,000,000 naming the Oceano Community Services District as an additional insured. The certificate of insurance must be received by the District at least twenty four (24) hours prior to the event.
- 4. County Permit.** Permittee must also obtain, at its own expense, any and all permits required by the County of San Luis Obispo. Evidence of the County Permit must be received by the District at least twenty four (24) hours prior to the event.

5. **Conditions of Use.** Permittee's activities must be compatible with the use of the building and activities adjacent to the Facility and building. This includes but is not limited to playing music or making any noise at a level that is unreasonable under the circumstances. Amplified live music is not permitted at the Facility. Smoking and the use of tobacco is not permitted anywhere in the building.
6. **Children.** Children under the age of 12 years must be accompanied by an adult at all times. Functions or activities for minors must be chaperoned by at least one responsible individual who is 21 years of age or older.
7. **Animals.** Dogs, cats, birds, or other pets are not allowed in the Facility at any time with the exception of service animals individually trained to provide assistance to individuals with a disability.
8. **Cleaning.** Permittee is responsible for cleaning the Facility before the end of Term of Use. This includes removing all trash and disposing in outside trash bins. Cleaning equipment is not provided as part of this Permit. The Facility must be cleaned and returned to the District in the condition it was in prior to the Term of Use.
9. **Damages.** Permittee is responsible for any loss or damage to the Facility, adjoining facilities, building common areas, or building exterior or grounds. This includes all damages to any equipment, fixtures, surfaces, including the ceiling, floors and floor finishes, or any other property.
10. **LIMITATION OF LIABILITY.** THE DISTRICT'S IS NOT LIABLE TO PERMITTEE OR ANY OF ITS GUESTS OR MEMBERS FOR DAMAGES ARISING FROM USE OF THE FACILITY FOR ANY REASON AND UNDER ANY THEORY OF LAW WHATSOEVER. PERMITTEE AGREES TO DEFEND AND HOLD HARMLESS DISTRICT FROM ANY AND ALL CLAIMS, CAUSES OF ACTION, OR DAMAGES RELATED TO OR ARISING OUT OF ITS USE OF THE FACILITY PURSUANT TO THIS PERMIT.
11. **Liability for Guests.** Permittee is, and hereby acknowledges that it is, liable for the actions and behavior of its members and guests during the Term of Use and at any other times such guest or member is on or around the Facility space as a result of Permittee's use of the Facility. The District will not be liable for the safety of Permittee's members or guests. Permittee agrees to indemnify and hold harmless the District from all liability arising from the activities of its members and guests during the Term of Use.

Permittee agrees to abide by the terms of this Single-Day Facility Use Permit. I, on behalf of California Rural Water Association, accept responsibility for meeting all requirements stated herein.

Authorized Signature:  Date: 6/2/17

Approved for submittal to Board of Directors

\_\_\_\_\_  
General Manager



**FREE**

# Leak Detection Principles and Water Loss Accountability

**Oceano (San Luis Obispo County)  
July 6<sup>th</sup>, 2017**

*This workshop is sponsored by the State Water Resources Control Board and presented by CRWA*

**This no-cost workshop is targeted to irrigation districts, small communities and rural, disadvantaged systems. It is beneficial for Irrigation System Operators, Water Operators, and System Managers of Private, Public and Tribal Systems. It will cover the following topic:**

**Leak Detection & Water Loss Accountability –**

- Review of preliminary survey, zones and zone measurements, pinpointing leaks, and estimating leaks.
- PowerPoint demonstration and discussion of leak detection, modern methods of leak detection, sonic leak detection, and correlation equipment.
- Water loss identification and prevention.
- Q&A

**Contact Hours: 6**

Registration: 8:15 am – 8:30 am Class: 8:30 am – 3:30 pm Lunch (on your own): 11:30 am – 12:30 pm	Oceano Community Services District Boardroom 1655 Front Street Oceano, CA 93445
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Attendee(s) Name(s): \_\_\_\_\_

System or Company Name: \_\_\_\_\_

System or Company Mailing Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ FAX: \_\_\_\_\_ Email: \_\_\_\_\_

**This is a free class.** We will contact you if the class is full and put you on a waiting list. If you register and cannot attend, please call (916) 283-8516 to cancel. Please let us know if any registrant requires accommodations for disabilities. For more information on CRWA classes, please visit our website: [www.calruralwater.org](http://www.calruralwater.org). Questions? (916) 283-8516

**TO REGISTER: Please fax this form to (916) 553-4904**

**or email to [lslabosnitskiy@calruralwater.org](mailto:lslabosnitskiy@calruralwater.org) AND [pvang@calruralwater.org](mailto:pvang@calruralwater.org)**

**or mail to California Rural Water Association, 1234 North Market Blvd., Sacramento, CA 95834.**

*Opt-out: If you wish to be taken off our distribution list, please call 800.833.0322 or email [ccolson@calruralwater.org](mailto:ccolson@calruralwater.org). Thank you.*



## Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

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**Date:** June 14, 2017

**To:** Board of Directors

**From:** Carey Casciola, Business and Accounting Manager

**Via:** Paavo Ogren, General Manager

**Subject:** **Agenda Item #9B : Review and discussion of the Annual Energy Report provided by the County of San Luis Obispo Energy Watch Program**

### Recommendation

That your honorable Board review and discuss the District's annual energy report provided by the County of San Luis Obispo's Energy Watch Program.

### Discussion

The County of San Luis Obispo's Energy Watch team presented the District with the attached Annual Energy Report for 2016. The Energy Watch program is a part of the San Luis Obispo Regional Energy Alliance which works to reduce energy use, demand, and lower greenhouse gas emissions in the San Luis Obispo County. They provide energy audits by collecting utility data from PG&E and SoCal Gas. They have prepared reports for the District in 2014 and 2015 which were then used to compare to the 2016 data.

In 2015 and 2016 the Energy Watch team came and physically evaluated our facilities. They identified ways to save on lighting and other energy costs to the District. The 2016 audit illustrates how the District has reduced energy use through recent replacement of exterior lighting with LED bulbs.

The lack of groundwater pumping is another large contributing factor to the District's savings. The use of State Water in 2016 reduced pumping of groundwater, and saved over \$25,000 in utilities costs in comparison to 2014.

The Energy Watch team also provided the District with instructions on how to save on Peak Day Pricing (PDP). By using less electricity on a PDP Event Days, when the power grid is under the most strain, the District can lower their demand on energy to save money. PDP events cause energy rates to increase from 2-6 pm. These events occur 9-15 days per year and the program notifies the District 24 hours in



advance to help plan. By simply lowering our usage during these hours may be able to save the District up to \$1,100 per year.

## **Other Agency Involvement**

The County of San Luis Obispo (Energy Watch) is a partnership between the county and the Pacific Gas and Electric Company (PG&E), and Southern California Gas Company (SoCalGas).

## **Other Financial Considerations**

The annual report comes from the County Energy Watch Team to the District at no cost and provides savings options to the District.

## **Results**

Saving on utilities is important to the District's budget and environmental impact. Establishing good monitoring procedures will help ensure that the District's costs and emissions are managed in a careful manner and promote prosperous and well governed communities.

Attachments:

- 2016 Annual Energy Report
- 2015 Energy Assessment
- 2014 PG&E Energy Assessment



# Oceano Community Services District Annual Energy Report

June 07, 2017

# Table of Contents

- I. Introduction .....1
- II. Electricity Use and Cost Analysis .....1-6
- II. Natural Gas Use and Cost Analysis .....7
- III. Next Steps in Special District Energy Management Program.....8
- IV. Contact Information .....8
- V. Portfolio Manager Login Credentials .....8
- VI. Appendix A - Tables of Facility Information.....9

## I. Introduction

San Luis Obispo County's Energy Watch (Energy Watch) is a partnership between the County of San Luis Obispo, Pacific Gas and Electric Company (PG&E), Southern California Gas Company (SoCalGas), and participating cities and special districts. As part of a comprehensive program, Energy Watch provides information to local governments regarding energy use and costs in their facilities and infrastructure. This information is used to identify opportunities for energy and cost savings, to help participants finance and implement energy saving measures and projects, and to track building performance.

This report was made possible by a strategic collaboration between Energy Watch and CivicSpark. CivicSpark is a governor's initiative AmeriCorps program designed to help local governments build capacity. In the County of San Luis Obispo, CivicSpark's mission is to provide support for implementing Special District Energy Management Programs and meeting energy efficiency goals for participating special districts.

The dual purpose of this report is to (1) update earlier baseline energy use reports with current use and costs and (2) serve as a guiding document for future energy efficiency efforts along with the Large Integrated Audit conducted in 2015. Energy Watch is authorized to collect utility data from PG&E and SoCal Gas to produce this report. The Environmental Protection Agency's Energy Star Portfolio Manager, a free online benchmarking tool, was used, in part, to track and monitor energy use and cost, as well as building and infrastructure performance in facilities over time.

## II. Electricity Use & Cost Analysis

This report highlights the electricity use and costs for one building and three utility infrastructure facilities that are owned and operated by Oceano Community Services District.

Below, Table 1.1 includes a detailed year by year breakdown of electricity use and costs for all Oceano facilities

In total, Oceano used 89,878 kWh and spent \$20,506 in 2016 on electricity. This represents a 61% decrease in cost and a 67% decrease in use over the baseline year of 2014.



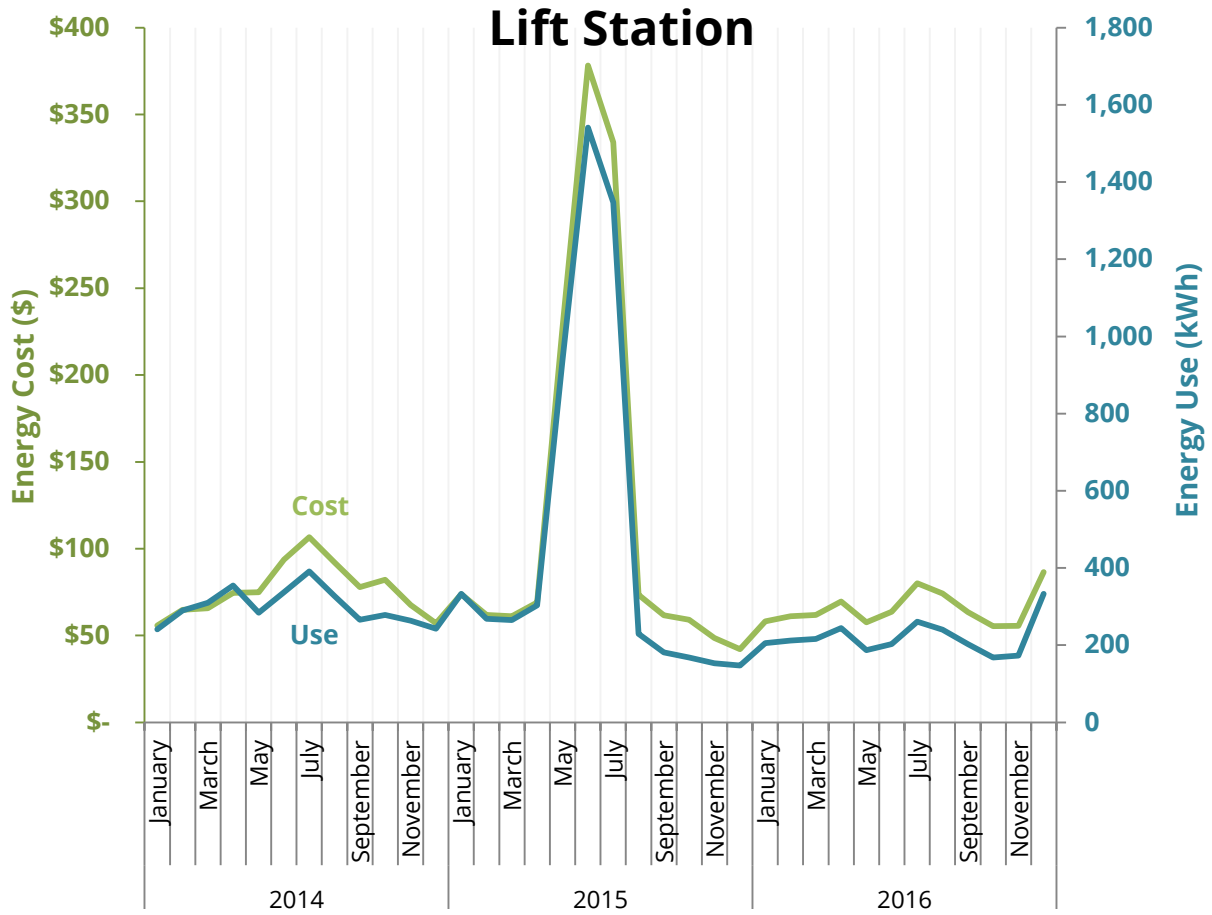
**Table 1.1 Total Electricity Use and Cost, 2014 to 2016**

Property Name	2014		2015		2016		Energy Cost \$ Change 2014 -2016	Energy Usage % Change 2014- 2016
	Electricity Cost (\$)	Electricity Use (kWh)	Electricity Cost (\$)	Electricity Use (kWh)	Electricity Cost (\$)	Electricity Use (kWh)		
<b>Buildings</b>								
CSD Offices	\$1,168	5,540	\$1,353	6,038	\$1,292	5,564	\$124	↑0%
Fire Station	\$6,479	33,910	\$6,807	33,608	\$7,142	33,417	\$663	↓1%
Old Fire Station	\$777	3,567	\$792	3,463	\$765	3,162	-\$13	↓11%
<b>Utility Infrastructure - Wastewater</b>								
Lift Station	\$913	3,585	\$1,490	5,871	\$787	2,645	-\$125	↓26%
<b>Utility Infrastructure- Freshwater</b>								
Water Wells	\$30,673	160,037	\$10,443	52,923	\$4,944	19,412	-\$25,729	↓88%
Water Yard	\$13,123	64,309	\$12,862	66,017	\$5,575	25,678	-\$7,548	↓60%
<b>Summary</b>								
<b>All Facilities Totals</b>	\$53,134	270,948	\$33,746	167,920	\$20,506	89,878	-\$32,628	↓67%

**Facilities highlighted in this report had the three highest decreases in annual energy costs and use between 2014 and 2016, in comparison to other Oceano facilities.**

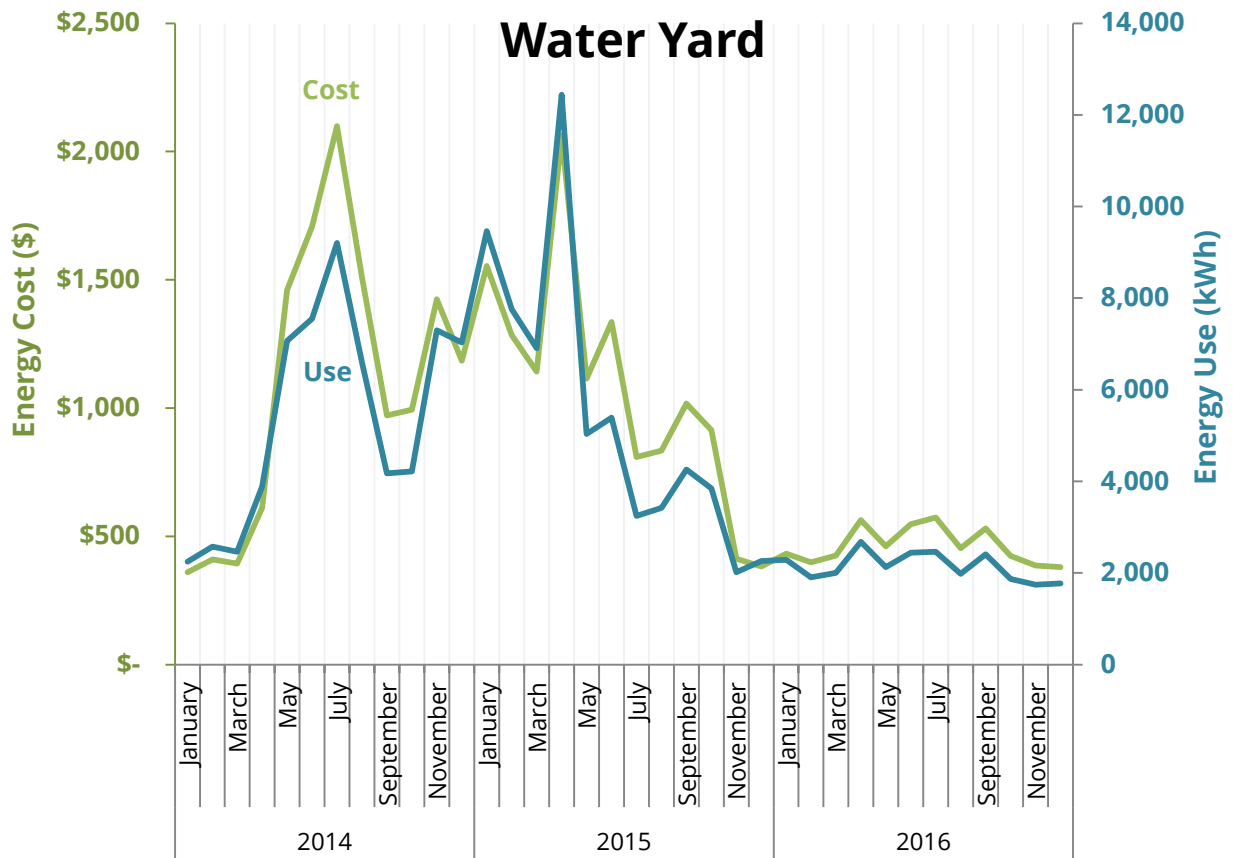
Figures 1.1- 1.3 depict the total electricity cost (\$) over total electricity use (kWh) for Oceano’s three facilities with the lowest energy use and costs, in accordance with the above threshold.

**Figure 1.1 Electricity Use vs Costs of Lift Station from January 2014 - December 2016**



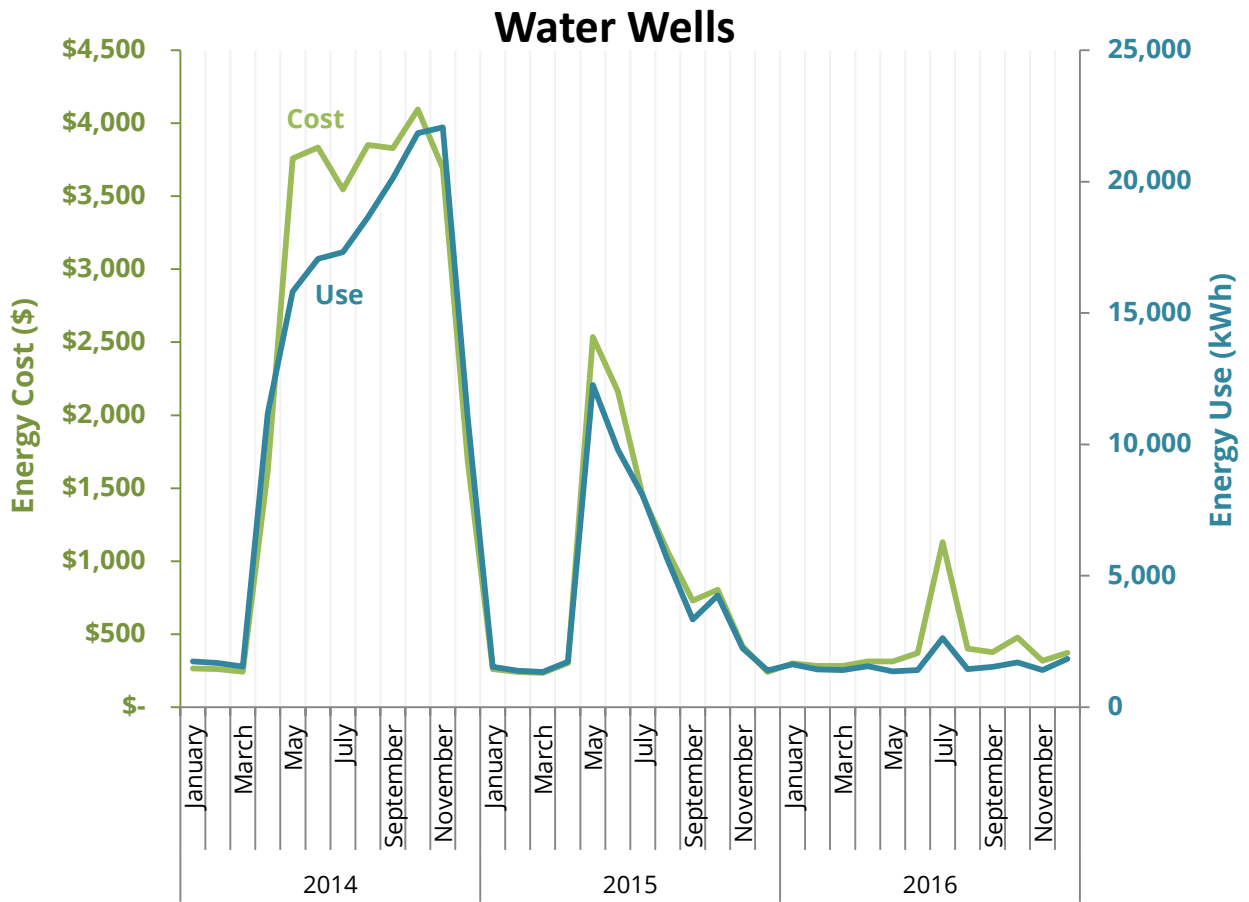
*Between 2014 and 2016, Lift Station had a 26% decrease in energy use.*

**Figure 1.2 Electricity Use vs Cost of Water Yard from January 2014 - December 2016**



*Between 2014 and 2016, Water Yard had a 60% decrease in energy use.*

Figure 1.3 Electricity Use vs Cost of Water Wells from January 2014 - December 2016



*Between 2014 and 2016, Water Wells had an 88% decrease in energy use.*

### III. Natural Gas Use & Cost Analysis

The energy analysis below describes the use and costs for the three Oceano facilities that use natural gas as an energy source. This includes the natural gas use percent change and cost difference between 2014 and 2016, and an overall trend analysis.

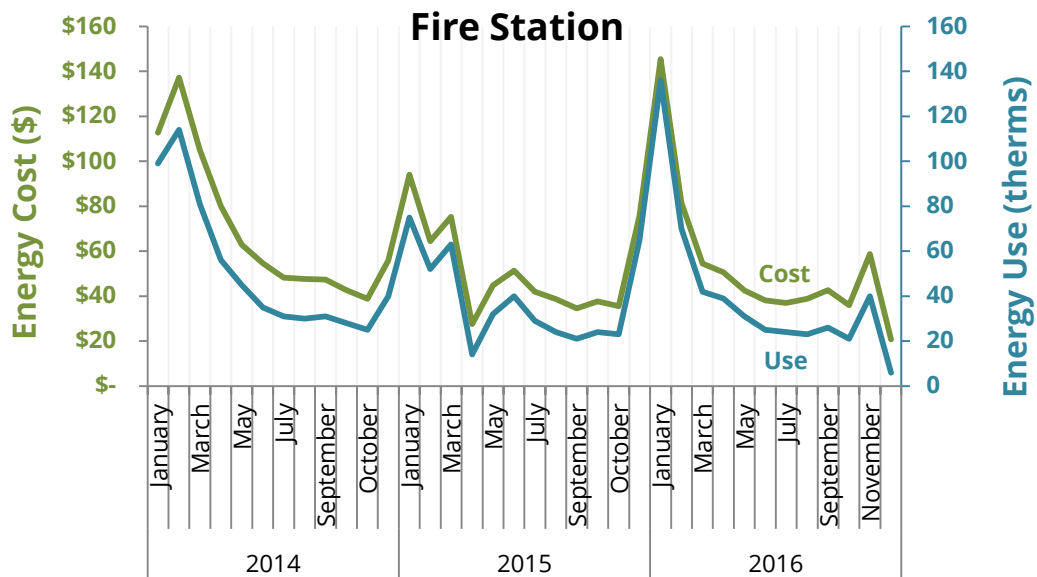
Below, Table 1.2 includes a detailed year by year breakdown of natural gas use and costs for this Oceano facility.

**Table 1.2 Total Natural Gas Use and Cost, 2014 to 2016**

Property Name	2014		2015		2016		Energy Cost \$ Change 2014 to 2016	Energy Usage % Change 2014 to 2016
	NG Cost (\$)	NG Use (therms)	NG Cost (\$)	NG Use (therms)	NG Cost (\$)	NG Use (therms)		
<b>Building</b>								
Fire Station	\$833	615	\$622	462	\$647	483	-\$187	↓21%
Old Fire Station	\$501	300	\$441	277	\$482	303	-\$20	↑1%
<b>Utility Infrastructure - Freshwater</b>								
Water Yard	\$202	22	\$183	3	\$193	13	-\$9	↓41%
<b>Summary</b>								
<b>All Facilities Totals</b>	\$1,537	937	\$1,246	742	\$1,321	799	-\$216	↓15%

Figure 1.5 depicts the total electricity cost (\$) over total natural gas use (therms) for Oceano’s Fire Station.

**Figure 1.5 Natural Gas Use vs Natural Gas Cost of the Fire Station from January 2014 - December 2016**



*Between 2014 and 2016, natural gas use decreased by 21%.*

## IV. Next Steps in Special District Energy Management Program

- **Implement Energy and Cost Savings Projects**
  - Energy Watch will help select, plan, and manage cost-effective energy saving projects the Special District is ready to implement or from measures highlighted in the 2015 Large Integrated Audit effort. This includes leveraging technical and engineering resources, navigating rebate and incentive procurement, securing no or low interest financing, coordinating procurement requirements, and project management.
- **Analyze Rates and Implement Rate Change as Necessary**
  - Energy Watch will review and provide rate analysis for the Special District. Energy Watch will provide recommendations for potential monetary savings and facilitate any changes the Special District would like to implement.
- **Monitor Building and Infrastructure Performance Going Forward**
  - Energy Watch and CivicSpark will assist in the continual monitoring of energy use and cost for Oceano and provide analysis, reports, and presentations every other year.

## VII. Appendix -Tables of Facility Information

### Electricity

Facility Name	Address	SAID # (PG&E)	Meter # (PG&E)	Total Electricity Cost (\$)			Total Electricity Use (kWh)		
				2014	2015	2016	2014	2015	2016
<b>Buildings</b>									
Service District Offices	1655 FRONT ST OCEANO CA 93445	6158009916	1009656190	\$1,168	\$1,353	\$1,292	5,540	6,038	5,564
Fire Station	1655 FRONT ST OCEANO CA 93445	6158009374	1009656192	\$6,479	\$6,807	\$7,142	33,910	33,608	33,417
Old Fire Station	1687 FRONT ST OCEANO CA 93445	6158009153	1009659651	\$777	\$792	\$765	3,567	3,463	3,162
<b>Utility Infrastructure Wastewater</b>									
Lift Station	AIR PARK DR PIER AVE OCEANO CA 93445	6158009440	1009464380	\$913	\$1,490	\$787	3,585	5,871	2,645
<b>Utility Infrastructure Freshwater</b>									
Water Wells	1685 FRONT ST OCEANO CA 93445	6158009303	1006732401	\$30,673	\$10,443	\$4,944	160,037	52,923	19,412
Water Yard	1935 WILMAR AVE OCEANO CA 93445	6158009320	1007072243	\$13,123	\$12,862	\$5,575	64,309	66,017	25,678
<b>Facilities Total</b>				\$53,133	\$33,747	\$20,505	\$270,948	\$167,920	\$89,878

### Natural Gas

Facility Name	Address	Account # (SoCal)	Meter # (SoCal)	Total Natural Gas Cost (\$)			Total Natural Gas Use (therms)		
				2014	2015	2016	2014	2015	2016
<b>Buildings</b>									
Fire Station	1655 FRONT ST OCEANO CA 93445	1437160600	4271541	\$833	\$622	\$647	615	462	483
Old Fire Station	1687 FRONT ST OCEANO CA 93445	15211606007	10098122	\$501	\$441	\$482	300	277	303
<b>Utility Infrastructure Freshwater</b>									
Water Yard	1935 WILMAR AVE OCEANO CA 93445	176152300	12509546	\$202	\$183	\$193	22	3	13
<b>Facilities Total</b>				\$1,537	\$1,246	\$1,321	937	742	799

976 Osos Street, Room 300  
San Luis Obispo, CA 93408

February 27, 2015

Oceano Community Service District  
1655 Front Street  
Oceano, CA 93445

Dear Tony and Marie,

SLO Energy Watch is delighted to provide Oceano CSD with a summary of energy assessments performed by PG&E - including two building facilities and four pieces of utility infrastructure. In addition, SLO Energy Watch coordinated with Staples Energy, our Direct Install provider, to provide Oceano CSD with an assessment and full service proposal that, if accepted, will address the majority of recommended measures at the Water Yard building facility at 1935 Wilmar Avenue.

The Summary Measures Tables attached to this letter are intended to help Oceano CSD make informed, streamlined, and cost-effective decisions that support operational efficiency. In each table, details have been provided regarding existing (baseline) equipment and recommended measures – as well as their upfront project cost, estimated annual cost savings, and rebate or incentive (if available). Just as importantly, SLO Energy Watch has provided the estimated simple payback (if possible) and a priority ranking of the recommended measures based on payback performance. Finally, notes have been included, as necessary, that describe the measure and rebate or incentive.

In the Building Facilities table you will find that the top two recommended measures - addressing office computers and your HVAC system - are no cost/low cost and involve behavioral best practices. As a result, no rebate is available. The next two highest recommended measures are also very low cost and are code today. As a result, no rebate is available. In the Utility Infrastructure table, you will find that several of the measures lack a priority ranking. In the case of Casing, Impeller, and Bowl Retrofits, this is due to the fact that providing a reliable cost estimate is very difficult without having someone familiar with the equipment take a look at it to determine why the equipment is underperforming and what exactly needs to be done to address it. Without a



cost estimate, it is impossible to compute payback performance. That said, the pumps at some of the well sites, particularly Well #4 and 15HP Well, due to their operating efficiency and age would very likely benefit from being retrofitted. Please note that overall system reliability and performance, rather than the incentive, will likely drive your decision to retrofit these pumps. In the case of Soft Starts, a simple payback and priority ranking are not provided because no energy savings are gained from Soft Starts and therefore no incentives are available. That said, Soft Starts are recommended as they can have significant benefits for the operational performance and longevity of your equipment.

While the summary of recommended measures described above is vendor and technology neutral, SLO Energy Watch also coordinated with Staples Energy to provide a full-service proposal for Oceano CSD based on their own energy assessment performed at the Water Yard building facility at 1935 Wilmar Avenue. The Water Yard proposal has been included for your review and consideration and is intended to provide Oceano CSD with a faster, easier, and less expensive means to install equipment covered by SLO Energy Watch's Direct Install program. Please note, however, that Staples' proposal and scope of work does not include all of the measures recommended in PG&E's more comprehensive assessment. For the five measures included in the proposal, the cost and savings have been aggregated. Based on a total project cost of \$1,647.23, a total rebate amount of \$452.44, and a total annual energy savings of \$258.54, the estimated simple payback of the measures is 4.6 years. If you are interested in moving forward with Staples Energy, please sign and return the contract to the attention of Mike Martin and he will help schedule the installation.

SLO Energy Watch is happy to answer any questions you may have regarding any of the recommendations and materials provided, to present on any of the information contained herein, and to assist Oceano CSD with processing any paperwork related to recommended measures. Please let us know if and how we can be of assistance in helping the CSD save money and energy, and improve its operations.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Griesser". The signature is fluid and cursive, with the first name "Jon" and last name "Griesser" clearly distinguishable.

Jon Griesser  
Energy Watch Program Manager

Address	Facility	Baseline Equipment	Proposed Measure	Est. Annual Savings (\$)	Est. Project Cost (\$)	Est. Rebates (\$)	Program	Est. Simple Payback (Yrs.)	Priority Ranking	Notes
1655 Front Street	CSD Building/Fire Station	HVAC (2)	Regularly maintain your HVAC system	\$908	See Note	N/A	N/A	N/A	2	Regular maintenance of your HVAC system is a behavioral best-practice that is highly recommended and likely to generate significant annual energy savings. No rebate is available.
		HID exterior area lighting (4)	LED exterior lighting	\$285	\$3,840	\$320	Deemed Rebate	12.4	10	
		Incandescent Exit Signs (3)	LED Exit Signs	\$159	\$177	N/A	N/A	1.1	4	LED exit signs are code today; therefore no rebates are available.
		Ice Machine- CEE Tier III (1)	EE Ice Machine	\$189	\$2,407	\$150	Deemed Rebate	11.9	7	
		Computers (6)	Business Computing Software	\$203	See Note	See Note	See Note	N/A	1	A \$15 per computer rebate is available. However, in a scenario with fewer than 10 computers, it is recommend to manually shut off monitors at night and set up sleep mode. This behavioral option could result in savings close to the rebated software.
1935 Wilmar Ave.	Water Yard	2L 4' T8 Wrap (8)	2L 4' LED Wrap	\$102	\$1,600	\$48	Custom Incentive	15.2	9	This measure includes two locations - each with four fixtures. Savings are conservative.
		Halogen Spot Lights (8)	LED Accent Lighting Fixture	\$144	\$1,973	\$240	Deemed Rebate	12.0	8	It is recommended to replace the halogen spot light with an entirely new fixture. Fixtures can be found on PG&E's Appendix E (approved for rebate) LED Fixture List to receive a deemed rebate.
		Halogen Lamps (1)	LED PAR or MR-16 Lamps	\$9	\$34	\$0	Deemed Rebate	3.8	5	It is recommended to replace a screw-in PAR30 lamp with a screw-in LED lamp through the Instant California Rebate or "Vendor" rebate. However, for just one lamp, it is recommended to purchase at Costco, or have Staples retrofit it.
		2L 8' T8 Wrap (14)	4L 4' Tandem LED Wrap	\$447	\$4,900	\$210	Custom Incentive	10.5	6	
		Incandescent Lamp- 55W Screw-in CFL (1)	Screw-in CFL	\$45	\$4	N/A	See Note	0.1	3	The cost of a screw-in LED compared to a CFL for this location is not justified. Estimated savings are conservative.
		Computers (3)	Business Computing Software	\$101	See Note	See Note	See Note	N/A	1	A \$15 per computer rebate is available. However, in a scenario with fewer than 10 computers, it is recommend to manually shut off monitors at night and set up sleep mode. This behavioral option could result in savings close to the rebated software.

Note: A blended rate of \$0.169117/kWh was used to estimate annual savings for all measures above.

Address	Facility	Baseline Equipment	Proposed Measure	Est. Annual Savings (\$)	Est. Project Cost (\$)	Est. Incentives (\$)	Program	Est. Simple Payback (Yrs.)	Priority Ranking	Notes
1600 Aloha Place	Pier Lift Station	Two 3HP Motors	VFD	\$89	\$3,460	\$400	Custom	34.2	3	A VFD could be installed to level out the operation of the wet well and to enable it to operate more efficiently.
1935 Wilmar Avenue	Well #4	Motor	Premium Efficiency motor	\$316	\$2,070	\$190	Custom	6.0	1	
		Casing, Impeller, & Bowl	Casing, Impeller, and Bowl Retrofit	\$210	N/A	\$340	APEP	N/A	N/A	Providing a reliable cost estimate for this measure is very difficult w/o having someone familiar with the equipment take a look at it. Due to its limited operating hours, and draw, currently, the potential incentive will not be the primary reason to retrofit this equipment. Given its age and an OPE of 40%, however, retrofitting Well #4's pump is recommended and will likely increase the reliability and operational performance of the entire water system.
		N/A	Soft Start	\$0	\$2,500	N/A	N/A	N/A	N/A	No energy savings are gained from a Soft Start and therefore no incentive is available.
1685 Front St.	Well #8	Motor	Premium Efficiency motor	\$316	\$3,120	\$360	Custom	8.7	2	
		Casing, Impeller, & Bowl	Casing, Impeller, and Bowl Retrofit	\$1,178	N/A	\$690	APEP	N/A	N/A	Providing a reliable estimated cost for this measure is very difficult w/o having someone familiar with the equipment take a look at it. Given an OPE of 59%, it is unlikely that a pump retrofit is necessary or will be cost-effective at this time.
		N/A	Soft Start	\$0	\$2,500	N/A	N/A	N/A	N/A	No energy savings are gained from a Soft Start and therefore no incentive is available.
1935 Wilmar Avenue	15HP Well	Motor	N/A	N/A	N/A	N/A	N/A	N/A	N/A	This motor has been rewound fairly recently and is not a candidate for replacement.
		Casing, Impeller, & Bowl	Casing, Impeller, and Bowl Retrofit	\$95	N/A	\$130	APEP	N/A	N/A	Providing a reliable cost estimate for this measure is very difficult w/o having someone familiar with the equipment take a look at it. Due to its limited operating hours currently, the potential incentive will not be the primary reason to retrofit this equipment. Given an OPE of 44%, however, retrofitting the 15 HP Well pump is recommended and will likely increase the reliability and operational performance of the entire water system.
		N/A	VFD	\$0	\$5,100	N/A	N/A	N/A	N/A	Since the 20HP motor already has a VFD, there will be no energy savings by installing a second drive on the 15HP motor.

Note: A blended rate of \$0.169117/kWh was used to estimate annual savings for all measures above.

Oceano County Sanitation District  
1935 Wilmar Ave,  
Oceano, CA

November 6, 2014

Attention Tony Marraccino and Oceano CSD Staff,

Thank you for spending time with PG&E and the County of San Luis Obispo Energy Watch earlier in October to discuss the current operation of Oceano CSD facilities, and provide a tour of the facility. Our intention is to help the CSD save energy by operating their equipment more efficiently, and make sure all programs which offer rebates and incentives are being leveraged. Since the programs available all have individualized rules and requirements, please contact PG&E before initiating any project. A brief summary of each program is listed below:

**PG&E Customized Incentive** – This is a PG&E managed program to assist customers offset the initial purchase cost of energy efficient equipment. Applications need to be submitted and approved by the Utility prior to any equipment being purchased or any work being done. Incentives are calculated individually based on technology type. More information can be found on our website, or by speaking with your PG&E Account Manager.

<http://www.pge.com/en/mybusiness/save/rebates/ief/index.page>

**Advanced Pumping Efficiency Program (APEP)** – This is a PG&E funded program, operated by CSU Fresno. The cost of pump test are subsidized for certain pump sizes (25hp and above) and pump retrofits which increase efficiency have calculated incentives available to the customer. An excerpt from the program offerings summary can be found at the end of this report. More information can be found on our website, or by speaking with your PG&E Account Manager.

<http://www.pumpefficiency.org/>

**PG&E Deemed Rebates** - This is a PG&E managed program to assist customers offset the initial purchase cost of energy efficient equipment. Qualified items can be purchased and installed by the customer, and then invoices and an application are submitted to PG&E after the project is complete. More information can be found on our website, or by speaking with your PG&E Account Manager.

<http://www.pge.com/en/mybusiness/save/rebates/byequipment/index.page>

Overall the facility and equipment is maintained and operated efficiently. Below is a summary of the facilities we visited and the current controls strategy in place. Should you decide to pursue any of these options, we recommend contacting several local vendors to ensure that the correct products are chosen for your specific needs. In addition, obtaining several vendor quotes provides confidence that you are paying the best possible price for the products chosen.

Since the savings and incentives within this report are estimates based on our site audit, please notify your PG&E Account Manager prior to starting any project recommended in this report.

Below is a summary of the processes that were visited and the current conditions and any recommendation we may have.

Pier Lift station

The Pier Lift Station has two 3 horsepower motors which operate on-demand to pump the wet well to the processing facility. These two motors have a float valve which turns them on when the well reaches 20 inches in water, and pumps the well out until the level recedes to 10 inches of water. It is estimated that these two motors cycle 95 times per day, or an average of 1060 hours per year. An option for this well which will reduce wear on the equipment is to install a VFD on these motors to operate at a lower speed continuously. Initial calculations have determined that the total speed required by the well to keep up with demand, and operating continuously is too slow for a VFD to effectively operate in. VFDs are recommended not to go below 30% speed, and initial calculations are showing about 12% speed needed for the well. Calculations were completed assuming 30% speed; however, the float valve will still need to be installed to turn off the motor when the well lowers to the set point.

An estimated PG&E incentive of \$400 is potentially available if this project meets our program criteria and guidelines are followed. Project approval is necessary before work can commence. The savings numbers are estimates, and further calculations will be needed to make sure the following concerns are addressed: when a VFD is installed since these motors run lead-lag, likely a larger VFD will need to be installed with the motors in parallel; this will add more project costs and take a negligible amount more of energy. Also, you will need to be sure the motors are inverter duty, and rated for a VFD, otherwise they will need to be replaced at the time of installation. The last concern is in regards to power factor and the actual demand created on the motors when operating at this low of speeds to just pump enough to keep up with demand. The calculations that were ran do not assume any difference in power factor. If this project were to move forward, additional testing would be needed to make sure the motor would be able to operate at this setting.

Measure	Description	Incentive	Program
Motor and VFD	A VFD could be installed to level out the operation of the wet well to operate more smoothly rather than on demand with a float valve. PG&E incentives are eligible to assist with that retrofit if energy savings are present. Please work with PG&E to finalize savings estimates and gain project approval prior to moving forward with this project.	\$ 400	PG&E Customized incentive

PG&E encourages customers to save energy by assisting with the initial cost of installing energy efficiency measures. Please contact your Account Manager if you are interested in pursuing this option.

Well #4

Well number 4 is has several potential program offerings to make it more efficient. The motor and pump could both be retrofitted and updated to be more efficient, and there are incentives for each through different programs.

Please continue to have this well tested annually and continue with any CSD maintenance program to keep this well performing at its best.

Measure	Description	Incentive	Program
Motor	The motor itself could be replaced with a Premium Efficiency vertical turbine motor, and PG&E incentives are eligible to assist with that retrofit, however due to the lower run hours and the high baseline the Utility is forced to use, the incentive should not be the driving factor in this replacement.	\$ 190	PG&E Customized incentive
Pump and Casings	The pump casing, impellers, and bowls could also be repaired and/or replaced, and the PG&E APEP program could be leveraged to provide and incentive.	\$340	APEP program, third party program through PG&E
Soft Start	Although there are benefits to installing a soft start for this well, there are no energy savings to be gained. For that reason, PG&E can encourage you to install one, but cannot provide any incentives in doing so.	N/A	No incentives available

In order to determine the incentives for both of these measures, the following assumptions were used:

- Estimated 166 hours of operation every 12 months (the CSD notified PG&E that the well used 250 hours in the past 18 months, PG&E assumed a linear relationship)
- 40% Overall Pumping Efficiency, determined from pumping test done on well

Well #6

Well number 6 operates many more hours than Well #4, but has a much higher overall pumping efficiency rating of 69%. At this time, PG&E does not recommend replacing the motor, or retrofitting the pump.

Please continue to have this well tested annually and continue with any CSD maintenance program to keep this well performing at its best.

Well #8

Well 8 has potential to be upgraded, but maintenance could also be deferred for a year with additional surplus budget. At an overall pumping efficiency of 59%, it qualifies for both pump and motor retrofits but the incentives should not be the reason these repairs are done. Potential program savings are described below.

Please continue to have this well tested annually and continue with any CSD maintenance program to keep this well performing at its best.

Measure	Description	Incentive	Program
Motor	The motor itself could be replaced with a Premium Efficiency vertical turbine motor, and PG&E incentives are eligible to assist with that retrofit, however due to the lower run hours and the high baseline the Utility is forced to use, the incentive should not be the driving factor in this replacement.	\$ 360	PG&E Customized incentive
Pump and Casings	The pump casing, impellers, and bowls could also be repaired and/or replaced, and the PG&E APEP program could be leveraged to provide an incentive. Due to the efficiency of the pump currently being above 55%, the incentive is calculated on performance increase between the two pump tests. Estimates for three potential efficiency increases are described to the right.	\$400 incentive for a 5% increase; \$690 incentive for a 8% increase; \$950 incentive for a 11% increase	APEP program, third party program through PG&E
Soft Start	Although there are benefits to installing a soft start for this well, there are no energy savings to be gained. For that reason, PG&E can encourage you to install one, but cannot provide any incentives in doing so.	N/A	No incentives available

In order to determine the incentives for both of these measures, the following assumptions were used:

- Previous 12 month billing usage was used for incentive calculations, 3503kWh billed for the last 12 months. CSD provided run hours for last 12 months of 1303 hours.
- 59% Overall Pumping Efficiency, determined from pumping test done on well. Three incentives estimated at 5% increase, 8% increase, and 11% increase in efficiency

15hp well

The 15hp motor has potential efficiency upgraded. With an overall pumping efficiency of 44%, it qualifies for a pump retrofit but the incentives should not be the reason these repairs are done. Potential program savings are described below, and fairly low due to the horsepower of motor being considered.

The CSD also expressed interest in adding a VFD to this motor in order to gain additional control. Since the 20hp motor already has a drive installed on it, there will not be energy savings by installing a second drive on the 15hp motor, since they work in series. This will be a good operational change for the CSD, but energy savings should not be expected. For that reason, there are no incentives available from the Utility to install this measure.

Please continue to have this well tested annually and continue with any CSD maintenance program to keep this well performing at its best.

Measure	Description	Incentive	Program
Motor	The motor itself has been rewound fairly recently, and is not a candidate for replacement at this time.	N/A	
Pump and Casings	The pump casing, impellers, and bowls could also be repaired and/or replaced, and the PG&E APEP program could be leveraged to provide an incentive.	\$130 incentive	APEP program, third party program through PG&E
VFD	Although a VFD will assist in the maintenance and wear of the motors, there will not be energy savings. Since the 20hp motor has a VFD already, and the two are used lead/lag, adding an additional VFD will not save the CSD energy.	N/A	No incentive available

In order to determine the incentives for both of these measures, the following assumptions were used:

- PG&E Engineer assumed 200 hours per year of operation.
- 44% Overall Pumping Efficiency, determined by pump test done on well.

Thank you for your time. We look forward to working with you in the future. Please contact us with any questions you may have.

Sincerely,



**Claire M. Braico, PE** | Supervisor, Central Coast Field Engineering  
 Pacific Gas and Electric Company - San Luis Obispo  
 EE Operations – Engineering Services  
 Desk - (805) 595 6322 | Fax - (805) 595 6320  
 Cell - (707) 479 4623 | Email - [Claire.Braico@pge.com](mailto:Claire.Braico@pge.com)  
<http://www.pge.com/>





## Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

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**Date:** June 14, 2017

**To:** Board of Directors

**From:** Celia Ruiz, Account Administrator

**Via:** Paavo Ogren, General Manager

**Subject:** **Agenda Item #9C:** Consideration of a recommendation to receive and file a report on charges and delinquencies and to set a public hearing for July 12, 2017 to authorize collection on 2017-18 property tax bills.

### Recommendation

It is recommended that your Board receive and file a report on charges and delinquencies and to set a public hearing for July 12, 2017 to authorize collection on 2017-18 property tax bills.

### Discussion

By approving the staff recommendations, the District will follow the 2017/2018 tax roll timeline provided by the County Auditor. This is the sixth year the District will participate in placing delinquent accounts and other charges on property tax bills. Each year a number of ratepayers fail to pay for the services the District provides. State law enables the District to collect delinquent charges on property tax bills. Along with the attached report on delinquent charges, staff has attached the 2017/2018 tax roll timeline and a sample of the letter we sent to ratepayers. If payment is received before June 20th, the actual amount will be \$5 less since the final late fee will not apply.

Notices of the public hearing will be published in the Tribune on June 28, 2017 and July 5, 2017 per Government Code Section 61115(b) and 6066. Property owners were also noticed that the last date to pay is July 14, 2017. Any payments made on or before July 14th will be deleted from the list prior to submitting to the County Auditor.

### Other Agency Involvement

County of San Luis Obispo Auditor/Controller's Office will be collecting the delinquent bills with property taxes.



## Other Financial Considerations

The County also adds its charge for collection to the property tax bill. As a result, the District is not charged County costs.

## Results

Coordination with the County on delinquent accounts is cost effective and promotes well governed communities.

### Attachments:

- Tax roll 2017-18 tax roll timeline
- Report on charges and delinquencies – OCSD
- Report on charges and delinquencies – Garbage
- Sample of letter sent to ratepayers - OCSD
- Sample of letter sent to ratepayers - Garbage
- Public hearing notice

2017/2018 TAX ROLL PROCEDURES

06/05/17	PREPARE and MAIL LETTERS (30 DAYS = JUNE 06, 2017)
06/06/17	MAIL NOTICE OF PUBLIC HEARING TO PROPERTY OWNERS & PROVIDE TO TRIBUNE WITH DIRECTION FOR PUBLICATION ON 6/28 AND 7/5
06/21/17	COMPLETE DRAFT AGENDA MATERIAL FOR 6/28 REGULAR MEETING
06/23/17	COMPLETE FINAL AGENDA MATERIAL FOR 6/28 REGULAR MEETING
06/28/17	FILE REPORT OF CHARGES AND DELINQUENCIES TO BE COLLECTED ON TAX ROLL PURSUANT TO GOV'T CODE SECTION 61115(b)
06/28/17	FIRST NEWSPAPER NOTICE FOR PUBLIC HEARING ON 7/12 REGULAR MEETING PER GOVERNMENT CODE SECTION 61115(b) AND 6066
07/03/17	COMPLETE DRAFT AGENDA MATERIAL FOR 7/12 REGULAR MEETING
07/05/17	SECOND NEWSPAPER NOTICE FOR PUBLIC HEARING ON 7/12 REGULAR MEETING PER GOVERNMENT CODE SECTION 61115(b) AND 6066
07/06/17	COMPLETE FINAL AGENDA MATERIAL FOR 7/12 REGULAR MEETING (RESOLUTION)
07/12/17	BOARD OF DIRECTORS MEETING: NOTICE OF PUBLIC HEARING
07/14/17	PAYMENT DUE
07/17/17	RESOLUTION CONFIRMING THE CHARGES AGAINST PROPERTY OWNERS WITH REPORT AND SUBMIT TO COUNTY AUDITOR
08/03/17	FINAL FUND PROOF SUBMISSION TO SLO COUNTY FOR ROLL YEAR 2017/2018: WATER/SEWER, AND TRASH
08/16/17	FINAL DEADLINE FOR ALL DIRECT CHARGE FUNDS TO BE SIGNED APPROVED AND RETURNED TO THE AUDITOR-CONTROLLER'S OFFICE

# REPORT ON CHARGES AND DELINQUENCES - OCSD

## TAX ROLL 2017/2018

Account #	Name	Current	2 Months	4 Months	6 Months	8 Months	Balance
01-00880-00	CAMARA, MANUEL	\$ 133.86	\$ 138.86	\$ 138.86	\$ 138.86	\$ 840.32	\$ 1,390.76
02-04270-01	GALVEZ, REGINA	\$ 66.93	\$ 71.93	\$ 71.93	\$ 71.93	\$ 893.58	\$ 1,176.30
04-06754-00	BEZERA, FRANK JR. HEIRS	\$ 66.93	\$ 71.93	\$ 71.93	\$ 71.93	\$ 359.98	\$ 642.70
	BULTMANN, PETER			\$ 1,535.23		\$ 962.58	\$ 2,497.81
					<b>TOTAL</b>		<b><u>\$ 5,707.57</u></b>

<b>100-WATER</b>	\$ 4,294.58
<b>150-LOPEZ</b>	\$ 28.78
<b>200-SEWER</b>	\$ 745.28
<b>250-SAN DISTRICT</b>	\$ 38.93
<b>400-COURTESY NOTICE</b>	\$ -
<b>700-PENALTY</b>	\$ 115.00
<b>701-DHFEE</b>	\$ 275.00
<b>705-RECFEE</b>	\$ 210.00
<b>996-UAC</b>	\$ -
 <b>TOTAL</b>	 <b><u>\$ 5,707.57</u></b>

REPORT ON CHARGES AND DELINQUENCES - GARBAGE  
TAX ROLL 2017/2018

<u>Cust No.</u>	<u>Customer Name</u>	<u>&gt;120 Day</u>	<u>Fin Charg</u>	<u>Total</u>
3004271	MYERS, DAVID	393.56	123.43	516.99
3004227	RODRIGUES, DONNA	333.53	75.61	409.14
10051111	BOGDAN, WILLIAM	479.16	130.00	609.16
3017516	CASEY, BARBARA	242.31	65.83	308.14
10058032	HUGHES, BROOKE	132.78	82.88	215.66
3015485	NUNEZ, SEBASTIAN	199.52	65.00	264.52
3015785	ZUNIGA, EPIFANIO	176.40	92.88	269.28
3001602	UC, JAVIER	174.34	65.00	239.34
3016004	JOHNSON, ALLAN	161.36	65.00	226.36
10078975	MOLINA, RONNIE	177.76	45.00	222.76
3018229	MONGE, RUFINO & YOLANDA	68.79	65.00	133.79
		<b>2,539.51</b>	<b>875.63</b>	<b>3,415.14</b>

June 6, 2017

Parcel #:  
001,002,003

NAME  
ADDRESS  
OCEANO, CA 93475

Regarding Service Address:  
Account Number: 00-00000-00  
0000 00TH ST  
OCEANO, CA 93445

Dear Mr. and/ or Mrs.:

County records show that you are, and at all times referenced herein have been, the recorded owner of the property listed above. Your account for this service address is past due for water, lopez, and sewer provided by OCEANO COMMUNITY SERVICES DISTRICT (OCSD).

Please be advised that if the charges specified in this letter are not paid in full and received (post marks do not count) by the OCSD by 5:00 p.m. on July 14, 2017, then the amount of the charges, penalties, and delinquencies may be filed with the County Auditor to be placed on the parcel's property tax bill for collection.

Your current amount due is \$\_\_\_\_\_.

If not paid by June 26, 2017, an additional late fee of \$ 5.00 will be charged.

After June 26, 2017, the total amount due will be \$\_\_\_\_\_.

Therefore, please accept this letter as a demand for immediate payment.

**The OCSD Board of Directors will hold a public hearing at their regular meeting of July 12, 2017, starting at 5:30 p.m. at the Board's meeting room located at 1655 Front Street Oceano, CA. The hearing will provide you with the opportunity to testify and present to the Board of Directors any objections or protests to the charges and/or their collection on the parcel's property tax bill.**

If you have any questions, or need additional information, please feel free to call me at (805) 481-6730. Please see the reverse side of this letter for a copy of the notice published in the newspaper pursuant to Government Code Sections 61115(b) and 6066.

Sincerely,

Oceano Community Services District  
Celia Ruiz, Account Administrator III

June 6, 2017

Parcel #:  
001,002,003

NAME  
ADDRESS  
OCEANO, CA 93475

Regarding Service Address:  
Account Number: 00-00000-00  
0000 00TH ST  
OCEANO, CA 93445

Dear Mr. and/ or Mrs.:

County records show that you are, and at all times referenced herein have been, the recorded owner of the property listed above. Your account for this service address is past due for garbage provided by SOUTH COUNTY SANITARY.

Please be advised that if the charges specified in this letter are not paid in full and received (post marks do not count) by the South County Sanitary by 5:00 p.m. on June 30, 2017, then the amount of the charges, penalties, and delinquencies may be filed with the County Auditor to be placed on the parcel's property tax bill for collection.

Your current amount due is \$\_\_\_\_\_.

Therefore, please accept this letter as a demand for immediate payment.

**The OCSD Board of Directors will hold a public hearing at their regular meeting of July 12, 2017, starting at 5:30 p.m. at the Board's meeting room located at 1655 Front Street Oceano, CA. The hearing will provide you with the opportunity to testify and present to the Board of Directors any objections or protests to the charges and/or their collection on the parcel's property tax bill.**

If you have any questions, or need additional information, please feel free to call me at (805) 481-6730. Please see the reverse side of this letter for a copy of the notice published in the newspaper pursuant to Government Code Sections 61115(b) and 6066.

Sincerely,

Oceano Community Services District  
Celia Ruiz, Account Administrator III



**NOTICE OF PUBLIC HEARING  
BEFORE THE OCEANO COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS**

NOTICE IS HEREBY GIVEN that the Board of Directors of the Oceano Community Services District will conduct a Public Hearing on Wednesday, July 12, 2017, starting at 5:30 pm, in the District's Board Room, 1655 Front St., Oceano, California. The purpose of the hearing is to consider adoption of a resolution to place delinquent water, sewer, garbage, and other charges on 2017-18 property tax bills for collection. Interested persons may protest or object to the report identifying each property and the amount of the delinquent bill(s). The report can be reviewed at the District office or at [www.oceanocsd.org](http://www.oceanocsd.org).

If you have any questions or would like more information regarding the items described in this notice, please contact the District Office at (805) 481-6730.

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CELIA RUIZ

Dated: Wednesday, June 28, 2017  
and Wednesday, July 5, 2017

**PUBLISH TWO TIMES:**  
**(on Wed., JUNE 28, 2017 and**  
**Wed., July 5, 2017)**

*TELEGRAM TRIBUNE*





## Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

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**Date:** June 14, 2017

**To:** Board of Directors

**From:** Carey Casciola, Business and Accounting Manager

**Via:** Paavo Ogren, General Manager

**Subject:** **Agenda Item #9D : Approval of recommendations authorizing the President to execute a Resolution establishing the CalPERS Supplemental Income 457 Plan and terminating the Nationwide Retirement Services 457 Plan**

### Recommendation

That your honorable Board:

1. Authorize the President to execute a Resolution establishing the CalPERS Supplemental Income 457 plan provided no objections are received from Service Employees International Union, Local 620.
2. Direct the General Manager and Board President to terminate the Nationwide Retirement Services 457 Plan upon execution of the CalPERS option.

### Discussion

Internal Revenue Code Section 457(b) plan allows for employees of eligible state and local agencies to contribute earnings to fund “defined contribution” retirement benefits on a pre-tax basis similar to 401(k) plans that are common with private employers. When distributions are made to employees, the distributions are taxed as ordinary income at that time.

#### Background

The District originally established the 457 retirement savings option for District employees in 1993 pursuant to resolution 1993-2 (attached). Also attached is the District’s plan document with Nationwide Retirement Services (NRS), which went into effect on June 30, 2011. In searching District files, staff located no other resolutions or plan documents. As of March 31, 2017 prior District employees had a total balance of \$252.20 remaining in the plan. Existing District employees had zero



funds invested. If approved by your Board, the change to the CalPERS 457 Plan will not affect existing investments in the NRS plan.

NRS and others have provided plan services for the U.S. Conference of Mayors, which is the plan that the District adopted in 1993. For example, Great West has also provided plan services in the past. District staff has not, however, been contacted by any NRS representative for the past several years.

Recent Activity

On May 22nd, District staff met with CalPERS representatives regarding their 457 plan options. The attached resolution was provided by CalPERS together with related information. The information includes investment options and an overview of the employee-self-managed nature of 457 plans.

The following table provides a basic comparison between 457 retirement plans and the District’s defined benefit pension plan.

457(b) – Defined Contribution Retirement Savings	Defined Benefit Pension Plan
<ul style="list-style-type: none"> <li>• Based on the voluntary contributions made by employees</li> <li>• Investment earnings result from employee investment decisions</li> <li>• No long term unfunded liabilities</li> <li>• Employee benefits based on account balance (employee contributions plus earnings minus plan expenses).</li> </ul>	<ul style="list-style-type: none"> <li>• Funded by both employer and employee required contributions</li> <li>• CalPERS makes investment decisions</li> <li>• History of being underfunded</li> <li>• Long-term liabilities to employer</li> <li>• Employee benefits “defined” based on age at retirement, years of service, and salary</li> </ul>

As noted in the table, the cost of CalPERS and their agents in administering the 457 plan is paid by employees. The District’s processing of payroll deductions and other District administration is performed by District staff and is the only District cost. Section 11.3 of the attached CalPERS plan document identifies the District duties. Similar duties exist under the NRS Plan Document since both plans must comply with Internal Revenue Code 457(b) and related regulations.

The elected contributions from employee’s earnings are simple from a payroll perspective as the district already contributes to CalPERS retirement plans. The supplemental plan is a voluntary savings program with no minimum service requirements.



## Other Agency Involvement

The districts staff is represented by the Service Employees International Union, Local 620 (Union). District staff has contacted the Union and notified them of this available benefit. The Union is currently reviewing the option with represented employees. Therefore, the Presidents authorization to execute this resolution is subject to no objections from the Union.

CalPERS is the largest public pension fund in the United States and has been a not-for-profit public entity in service for over 80 years for those who serve California.

## Other Financial Considerations

The supplemental plan comes at no additional costs to the employer and provides savings options to the options to the employees for savings.

## Results

Saving for retirement is important and a pension and Social Security are a good start. Many have to fill the income gap and the CalPERS 457 plan is a bridge for that gap.

Attachments:

- IRS Weblink to 457(b) plan information
- Resolution
  - Employer Adoption Agreement
- CalPERS 457 Deferred Compensation Plan Document
- CalPERS Loan Feature Option
- CalPERS Self-Managed Account Overview Option
  
- Resolution 1993-2
- National Retirement Services 457 Plan Document



## Topics for Retirement Plans

- [IRAs](#)
- [Types of Retirement Plans](#)
- [Required Minimum Distributions](#)
- [Retirement Plans FAQs](#)
- [Published Guidance](#)
- [Forms & Publications](#)
- [Correcting Plan Errors](#)
- [Newsletters](#)
- [Retirement Plans A-Z](#)
- [Tax Exempt and Government Entities](#)
- [Retirement Plans Home](#)

## IRC 457(b) Deferred Compensation Plans

Plans of deferred compensation described in IRC section 457 are available for certain state and local governments and non-governmental entities tax exempt under IRC Section 501. They can be either eligible plans under IRC 457(b) or ineligible plans under IRC 457(f). Plans eligible under 457(b) allow employees of sponsoring organizations to defer income taxation on retirement savings into future years. Ineligible plans may trigger different tax treatment under IRC 457(f).

### Who can establish a 457(b) plan?

The organization must be a state or local government or a tax-exempt organization under IRC 501(c).

### How do 457(b) plans work?

Employers or employees through salary reductions contribute up to the IRC 402(g) limit (\$18,000 in 2015, 2016 and 2017) on behalf of participants under the plan.

See [457\(b\) plan contribution limits](#).

### What are the advantages of participating in a 457(b) plan?

There are significant tax advantages for participants in a 457(b) plan:

- Contributions to a 457(b) plan are tax-deferred.
- Earnings on the retirement money are tax-deferred.

### Can a 457(b) plan include designated Roth accounts?

Yes, a governmental 457(b) plan may be amended to allow [designated Roth contributions](#) and in-plan rollovers to designated Roth accounts.

### Choose a 457(b) plan

- [Pub. 4484](#), *Choose a retirement plan for employees of tax-exempt and government entities (schools, hospitals, churches, charities)*
- [Non-governmental 457\(b\) deferred compensation plans](#).

### Establish a 457(b) plan

- [Revenue Procedure 2004-56](#), 457(b) Model Language
- [Revenue Ruling 2004-57](#), Union-administered 457 Plan

### Participate in a 457(b) plan

- [457\(b\) plan contribution limits](#)
- [Unforeseeable emergency distributions from 457\(b\) plans](#)
- [Revenue Ruling 2010-27](#) - Examples of unforeseeable emergencies

### Operate and maintain a 457(b) plan

- [457 Final Regulations \(T.D. 9075\)](#), July 11, 2003
- [Notice 2003-20](#), 457(b) Reporting Requirements
- [IRC 501\(c\)\(3\)](#)

### Correct a 457(b) plan

- [457\(b\) submissions to Voluntary Compliance](#)
- [Correcting Plan Errors](#)

Page Last Reviewed or Updated: 31-Oct-2016

**OCEANO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION APPROVING ADOPTION OF  
CALPERS SUPPLEMENTAL INCOME 457 PLAN**

**WHEREAS**, Oceano Community Services District desires to establish a deferred compensation plan for the benefit of its employees; and

**WHEREAS**, the Board of Administration ( the “Board”) of the California Public Employees’ Retirement System (“CalPERS”) has established the CalPERS Supplemental Income 457 Plan (the “CalPERS 457 Plan”) which may be adopted by a governmental employer the employees of which are public employees; and

**WHEREAS**, Oceano Community Services District believes that the CalPERS 457 Plan and the investment options available thereunder will provide valuable benefits to its employees; and

**WHEREAS**, the Board has appointed Voya Financial® (the Plan Record keeper) to perform recordkeeping and administrative services under the CalPERS 457 Plan and to act as the Board’s agent in all matters relating to the administration of the CalPERS 457 Plan;

**NOW, THEREFORE, BE IT RESOLVED AND ORDERED** by the Board of Directors of the Oceano Community Services District that Oceano Community Services District adopts the CalPERS 457 Plan for the benefit of its employees and authorizes and directs the President to execute the attached adoption agreement on behalf of Oceano Community Services District and to provide CalPERS or any successor agent duly appointed by the Board with such information and cooperation as may be needed on an ongoing basis in the administration of the CalPERS 457 Plan. A copy of this resolution, the agreement, and any attachments thereto shall be on file in the office of Oceano Community Services District.

**PASSED AND ADOPTED** by the Board of Directors of the Oceano Community Services District on \_\_\_\_\_, 2017 by the following vote:

- AYES:**
- NOES:**
- ABSTAIN:**
- ABSENT:**

\_\_\_\_\_  
President, Board of Directors  
of the Oceano Community Services District

**ATTEST:**

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Board Secretary of the  
Oceano Community Services

**APPROVED AS TO FORM:**

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Jeffrey A. Minnery, District Counsel

## Employer Adoption Agreement

The employer identified below (the "Employer") adopts the CalPERS Supplemental Income 457 Plan (the "CalPERS 457 Plan" or the "Plan") for the benefit of its employees and agrees to be bound by and subject to the terms of the Plan, as it may be amended from time to time. The Employer further agrees and represents as follows:

1. The Employer is a political subdivision of the State of California and is eligible to adopt the Plan.
2. The Employer has duly adopted a resolution (copy attached) or taken such other official action as required for its lawful adoption and implementation of the Plan and has authorized the undersigned to execute this Agreement on its behalf.
3. The Employer has received and has had the opportunity to review the following documents and information:
  - The Plan document;
  - A description of the optional provisions of the Plan;
  - A description of the investment options available to Plan participants and historical performance data for those investment options;
  - A complete description of fees and expenses that will or may be charged to Plan participants including, but not limited to, investment fees and administrative expenses; and
  - The Enrollment Kit for eligible employees, which includes forms and information for employees to participate in the Plan.

### Contributions

4. The Employer understands that its employees will have the opportunity to defer their own compensation by designating an amount or percentage to be withheld from each paycheck and contributed to the Plan on the employee's behalf.
5. The Employer understands that the Plan must be made available to all employees and agrees to offer all employees the opportunity to participate in the Plan.
6. The Employer understands that the Plan cannot be made available to individuals who are not the Employer's common law employees and agrees not to offer such individuals the opportunity to participate in the Plan.
7. The Employer understands that each employee's deferrals under the Plan and any other eligible deferred compensation plan maintained by the Employer are subject to certain limits imposed by the Plan and the federal tax code. The Employer agrees to limit employees' deferrals under all plans maintained by the Employer to amounts that do not exceed applicable limitations.
8. The Employer agrees to deduct deferral amounts from employees' salaries and wages in accordance with the employees' elections, to remit all amounts deducted to the Plan as soon as reasonably practicable after such amounts are withheld, and to accurately report the amounts remitted.
9. The Employer understands and agrees that all amounts deferred under the Plan shall be 100% vested and shall be deposited in the Public Employees' Deferred Compensation Fund (the "Fund"), a trust established to hold such amounts, for the exclusive benefit of participants and their beneficiaries. The Employer shall have no right to Fund assets or to sell, redeem, or otherwise liquidate Fund assets, except as provided Plan section 10.6.

Investments

10. The Employer understands and agrees that employees who defer compensation under the Plan will have the right to direct the investment of their individual Plan accounts by choosing among the investment options selected by the CalPERS Board of Administration (the "Board") and offered under the Plan. The Employer further understands and agrees that any employee who does not provide timely directions for investing his or her account will be deemed to have selected the Plan's default investment. The Plan's default investment is currently the CalPERS Target Retirement Fund designated for an employee, based on his or her expected retirement date. The Employer understands and agrees that the Board, in its sole discretion, may add, eliminate, or consolidate investment options offered under the Plan, including the Plan's default investment option.
11. The Employer further understands and agrees that certain fees are charged to Plan participants for investment and administration expenses, and that such fees will be offset against investment returns or deducted from participants' Plan accounts periodically.

Administration

12. The Employer understands and agrees that, except as specifically set forth in the Plan, the administration of the Plan and Fund is subject to the exclusive control of the Board and that the Board has the authority to retain third parties to provide investment services, record keeping, accounting, or other services for the Plan.
13. The Employer agrees to assist and cooperate in providing Plan information to employees and to follow administrative procedures established by the Board or its designee(s) from time to time.
14. The Employer has completed the attached New Employer Data Sheet, which is incorporated by reference. The Employer hereby certifies that all information provided in connection with its adoption of the Plan is true and accurate.
15. The Employer understands and agrees that the Board has retained the power and authority to amend the Plan from time to time, subject to limitations set forth in the California Government Code and the Plan. The Employer may not amend the Plan.
16. The Employer understands and agrees that its participation in the Plan may be terminated by the Employer or by the Board upon sixty (60) days advance written notice. Upon termination, all amounts held for participants will continue to be held in the Fund for the exclusive benefit of participants and their beneficiaries, except for distributions or transfers permitted under the Plan terms.

Name of Employer: \_\_\_\_\_

By: \_\_\_\_\_ Title: \_\_\_\_\_

Date: \_\_\_\_\_

Accepted by CalPERS (or an agent duly appointed by the Board) on behalf of the Board of Administration of the California Public Employees' Retirement System

By: \_\_\_\_\_ Title: \_\_\_\_\_

Date: \_\_\_\_\_



# CalPERS 457 Deferred Compensation Plan Document

The purpose of the California Public Employees' Deferred Compensation Plan (the "Plan") is to provide deferred compensation for California public employees that elect to participate in the Plan. This Plan is established pursuant to sections 21670 through 21685 of the Government Code of the State of California and is intended to constitute an "eligible deferred compensation plan" within the meaning of section 457 of the Federal Internal Revenue Code. Except as otherwise provided herein, this amendment and restatement of the Plan is effective April 30, 2014.

## Article 1 - Definitions

The following terms when used herein shall have the following meaning:

**1.1 Account:** The bookkeeping account maintained with respect to each Participant which reflects the value of the deferred compensation credited to the Participant, including the Participant's Deferrals, the earnings or loss of the Fund (net of Fund expenses) allocable to the Participant, any Transfers for the Participant's benefit, and any distributions made to the Participant or the Participant's Beneficiary.

If a Participant has more than one Beneficiary at the time of the Participant's death, then a separate Account Balance shall be maintained for each Beneficiary. The Account Balance includes any account established under Section 7.2 for rollover contributions and plan-to-plan transfers made for a Participant, the account established for a Beneficiary after a Participant's death, and any account or accounts established for an alternate payee (as defined in section 414(p)(8) of the Code).

**1.2 Adoption Agreement:** The agreement under which an Employer becomes a participating Employer under this Plan.

**1.3 Beneficiary:** The person or persons designated by the Participant to receive distributions from the Participant's Account after the Participant's death. A designated person may include, but is not limited to, one or more of the following: an individual, trust, corporation or firm, or the estate of the Participant. A designation shall be made on a Board-approved beneficiary designation form.

**1.4 Board:** The Board of Administration of CalPERS.

**1.5 Code:** The Federal Internal Revenue Code of 1986, as amended from time to time.

**1.6 Deferral:** An amount credited to a Participant's Account by reason of the Participant's agreement to defer a portion of his or her salary or wages.

**1.7 Deferral Agreement:** The agreement between an Employer and an Employee, including any amendments thereto, which specifies the amount of Deferrals to be made by the Employee. Each Deferral Agreement or amendment thereto shall be made or confirmed in writing under procedures established by the Board.

**1.8 Eligible Deferred Compensation Plan:** An eligible governmental plan as defined in Section 1.457-2(f) of the Income Tax Regulations.

**1.9 Employee:** Any individual who is a common law employee of an Employer and is a member of CalPERS or for whom the Board is otherwise authorized to administer this Plan under the Government Code. An Employee does not include an independent contractor.

**1.10 Employer:** Any political subdivision of the State of California, or any agency or instrumentality of the State of California or political subdivision of the State of California for which the Board is authorized to administer this Plan under the Government Code and that has become a participating employer under this Plan pursuant to Article 2. Where required by the context, references to the Employer shall mean the current or former Employer of the Employee or Participant.

**1.11 Fund:** The Public Employees' Deferred Compensation Fund that has been established as part of the Plan pursuant to section 21676 of the Government Code. For purposes of Section 9.1 of this Plan, the Fund shall not include the asset management and services account maintained pursuant to section 21678 of the Government Code.

**1.12 Government Code:** Those statutes of the State of California that have been codified as the Government Code.

**1.13 Includible Compensation:** A Participant's compensation, as defined in Section 415(c)(3) of the Code, for services performed for the Employer. Includible Compensation shall be determined without regard to any community property laws.

**1.14 Investment Option:** One of the available alternatives for crediting investment earnings to a Participant's Account, which shall be based upon the performance of one or a combination of the investment portfolios maintained under the Fund.

**1.15 Normal Retirement Age:** The age used to determine the three-year period in which a Participant may utilize the catch-up limitation under Section 4.3 A Participant may designate as his or her Normal Retirement Age the age that will be attained in any Year that is not earlier than the earliest Year in which the Participant will be eligible to retire without actuarial or similar reduction under CalPERS or another retirement system and that is not later than age 70-1/2.

Once a Participant has utilized the catch-up limitation under Section 4.3 or under a comparable provision of another Eligible Deferred Compensation Plan, that Participant's Normal Retirement Age may not thereafter be changed. An Employer sponsoring more than one Eligible Deferred Compensation Plan may not permit a Participant to have more than one Normal Retirement Age under the Eligible Deferred Compensation Plans it sponsors.

**1.16 Participant:** Any Employee or former Employee for whom a Deferral has been credited under the Plan and for whom an Account is maintained.

**1.17 CalPERS:** The California Public Employees' Retirement System.

**1.18 Plan:** The California Public Employees' Deferred Compensation Plan established pursuant to sections 21670 through 21685 of the Government Code, the terms of which are set forth in this Plan document. To the extent required under section 457 of the Code, each Employer's participation in this Plan shall be treated as a separate plan, and each Employer's separate plan shall be deemed to include any other Eligible Deferred Compensation Plan maintained by that Employer.

**1.19 Required Beginning Date:** April 1st of the Year following the Year of a Participant's attainment of age 70-1/2 or Severance from Employment, whichever is later.

**1.20 Self-Managed Account:** A brokerage account established by a Participant through which such Participant makes self-directed investments with respect to amounts reflected in the Participant's account. This self-directed brokerage window is only available to a Participant who is an Employee of an Employer that has adopted the Self-Managed Account option.

**1.21 Severance from Employment:** The date that the Employee dies, retires, or otherwise has a severance from employment with the Employer, as determined by the Employer (and taking into account guidance issued under the Code). An Employee's rights upon Severance from Employment with an Employer shall be unaffected by whether the Employee thereafter becomes an Employee of another Employer that has adopted this Plan.

**1.22 Transfer:** An amount credited to a Participant's Account by reason of a transfer from another Eligible Deferred Compensation Plan.

**1.23 Trustee:** The Board of Administration of CalPERS.

**1.24 Unforeseeable Emergency:** A severe financial hardship of the Participant resulting from: an illness or accident of the Participant, the Participant's spouse, the Participant's domestic partner pursuant to a state domestic relations law who is a designated primary Beneficiary or the Participant's dependent (as defined in Section 152(a) of the Code, without regard to Section 152(b)(1), (b)(2), and (d)(1)(B)); loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by homeowner's insurance, e.g., as a result of a natural disaster); the need to pay for the funeral expenses of the

Participant's spouse or dependent (as defined in Section 152(a) of the Code, without regard to Section 152(b)(1), (b)(2), and (d)(1)(B)); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. For example, the imminent foreclosure of or eviction from the Participant's primary residence may constitute an Unforeseeable Emergency.

In addition, the need to pay for medical expenses, including non-refundable deductibles, as well as for the cost of prescription drug medication, may constitute an Unforeseeable Emergency. A need to send a child to college or to purchase a new home shall not constitute an Unforeseeable Emergency.

**1.25 Year:** A calendar year.

## **Article 2 - Employer Participation**

**2.1 Initial Participation:** This Plan shall be available to the Employees of an Employer only if the Employer has executed an Adoption Agreement and provided the Board with such information as the Board deems necessary to administer the Plan on behalf of the Employer. CalPERS, in its sole discretion, will decide whether an Employer may participate in this Plan.

**2.2 Terms of Participation:** By executing an Adoption Agreement, an Employer agrees to adhere to all terms and conditions of the Plan, as amended from time to time, to invest all Deferrals and Transfers in the Fund, and to follow all administrative procedures established by the Board. Except as otherwise provided herein, the terms of this Plan shall apply on a uniform basis to all Employers participating hereunder. The Board may, in its sole discretion, upon sixty (60) days advance written notice terminate an Adoption Agreement with an Employer for participation of its Employees in the Plan.

**2.3 Duration of Employer Participation:** In the event that an Employer withdraws from participation in the Plan, all amounts credited to the Accounts of the Employer's participating Employees will continue to be held in the Fund and will be distributed in accordance with the terms of the Plan, except to the extent of any transfers from the Plan pursuant to Section 7.3.

## **Article 3 - Employee Participation**

**3.1 Eligibility:** Except as provided in section 21670 of the Government Code, all Employees of an Employer shall be eligible to participate in the Plan. Notwithstanding the above, an Employee who is a minor may only participate in this Plan to the extent he or she may enter into an enforceable contract that cannot be disaffirmed by the minor.

**3.2 Initial Enrollment:** In order to become a Participant, an Employee must enter into a Deferral Agreement, which shall become effective no earlier than the calendar month following the month in which the agreement is made. A Deferral Agreement will be given effect only if the Deferral amount elected therein satisfies whatever minimum the Board may establish, and the Employee provides all information called for on the agreement form.

**3.3 Effect of Deferral Agreement:** Commencing with the effective date of an Employee's Deferral Agreement, his or her gross salary or wages shall be reduced by the Deferral amount specified in the Deferral Agreement. Deferrals shall continue to be made in such amount unless and until the Deferral Agreement is amended or the Employee has a Severance from Employment with the Employer. Subject to the limitations of Article 4, Deferrals shall not be subject to Federal or California income tax withholding and shall not be reported as gross income on the Employee's annual wage statement (Form W-2). However, Deferrals shall be subject to FICA taxation when earned.

**3.4 Amendment of Deferral Agreement:** A Participant may amend or revoke his or her Deferral Agreement at any time, provided, however, that no change in the amount of a Participant's Deferrals will become effective until the calendar month following the month in which the Deferral Agreement is amended.

**3.5 Investment Options:** Upon initial enrollment in the Plan, the Participant's future Deferral will be invested in the Plan's designated "default" option for investment of contributions unless the Participant makes an affirmative investment election to the contrary prior to the date his or her Deferral is first invested. To the extent the Participant does not wish to have his or her contributions invested in the designated "default" Investment Option, the Participant may designate another Investment Option or Investment Options to which his or her Deferrals are to be allocated or elect to make investments through a Self-Managed Account, as applicable. A Participant may thereafter re-allocate his or her Account balance among the available Investment Options or through a Self-Managed Account, as applicable. The minimum amounts or percentages that may be allocated among Investment Options and/or through a Self-Managed Account, as applicable, and the timing and frequency of re-allocations, shall be subject to such limitations and procedures as the Board may from time to time establish. In addition, investments and trading with respect to a Self-Managed Account will be subject to any rules or restrictions adopted by the third party provider that administers such accounts.

**3.6 Beneficiary Designation:** Upon enrollment, the Participant shall designate a Beneficiary to receive distributions from the Participant's Account in the event of the Participant's death. A Participant may change his or her designated Beneficiary at any time, provided that an amended Beneficiary designation shall be given effect only if it is signed by the Participant and delivered to a Plan representative (or post-marked for delivery) prior to the Participant's death. The last Beneficiary designation form signed by the Participant and delivered to a Plan representative as described above shall revoke all prior Beneficiary designations. A Participant may designate any

person or persons as Beneficiaries, except as described below. Unless otherwise provided in the Beneficiary designation form, each designated Beneficiary shall be entitled to equal shares of the benefits payable after the Participant's death. If the Participant fails to designate a Beneficiary, or if no designated Beneficiary survives the Participant for a period of fifteen (15) days, or a beneficiary designation form is not in good order, then the estate of the Participant shall be the Beneficiary. Notwithstanding the foregoing, a Participant's Beneficiary designation shall not be given effect and shall be overridden to the extent that such a designation would impair the rights of any surviving spouse under applicable law. For example, if the Participant is legally married or in a registered domestic partnership, the Participant may not designate a non-spouse or non-domestic partner as the Participant's sole primary Beneficiary, as applicable, without a valid written waiver from the Participant's spouse or domestic partner. Failure to satisfy state law requirements with respect to a Participant's Beneficiary designation shall invalidate the Beneficiary designation to such non-spouse or non-domestic partner.

**3.7 Additional Deferrals:** An Employer may make additional Fund investments with respect to any Employee, resulting in additional credits to the Account of such Employee. Any such additional credits shall be treated as Deferrals for all purposes of the Plan. The Employer shall notify the Board of any such additional Deferrals, and each Employee for whom such Deferrals are to be made must complete a Deferral Agreement, regardless of whether elective Deferrals are to be made by such Employee.

#### **Article 4 - Deferral Limitations**

**4.1 General Limitation:** Except as provided in Section 4.2 or 4.3, a Participant's Deferrals for a Year shall not exceed the lesser of:

- (a) the Applicable Dollar Amount, or
- (b) the Participant's Includible Compensation for the Year.

The Applicable Dollar Amount is the amount established under section 457(e)(15) of the Code, and is \$17,500 for 2013 and 2014.

The Applicable Dollar Amount is adjusted for the cost-of-living from time to time to the extent provided under Section 415(d) of the Code.

**4.2 Age 50 Catch-up Deferral Contributions:** A Participant who will attain age 50 or more by the end of the Year is permitted to elect an additional amount of Deferrals, up to the maximum Age 50 Catch-up Deferrals for the year. The maximum dollar amount of the Age 50 Catch-up Deferrals is \$5,500 for 2013 and 2014.

The maximum dollar amount of the Age 50 Catch-up Deferrals is adjusted for the cost-of-living from time to time to the extent provided under the Code.

**4.3 Special Section 457 Catch-up Limitation:** If a Participant has designated a proper Normal Retirement Age in the manner established by the Board, then for one or more of the three (3) Years ending before the Year in which a Participant attains that Normal Retirement Age, the Participant's Deferrals shall not exceed the lesser of:

(a) An amount equal to 2 times the Section 4.1 Applicable Dollar Amount for such year, or

(b) The sum of:

(1) An amount equal to (A) the aggregate Section 4.1 limit for the current year plus each prior calendar year beginning after December 31, 2001 during which the Participant was an Employee under the Plan, minus (B) the aggregate amount of salary and wages that the Participant deferred under the Plan during such years, plus

(2) An amount equal to (A) the aggregate limit referred to in Section 457(b)(2) of the Code for each prior calendar year beginning after December 31, 1978 and before January 1, 2002 during which the Participant was an Employee (determined without regard to Sections 4.2 and 4.3), minus (B) the aggregate contributions to Pre-2002 Coordination Plans for such years.

**4.4 Special Rules:** For purposes of this Section 4, the following rules shall apply:

(a) Participant Covered By More Than One Eligible Plan. If the Participant is or has been a participant in one or more other eligible plans within the meaning of Section 457(b) of the Code, then this Plan and all such other plans shall be considered as one plan for purposes of applying the foregoing limitations of this Section 4. For this purpose, the Employer shall take into account any other such eligible plan maintained by the Employer and shall also take into account any other such eligible plan for which the Employer receives from the Participant sufficient information concerning his or her participation in such other plan.

(b) Pre-Participation Years. In applying Section 4.3, a year shall be taken into account only if (i) the Participant was eligible to participate in the Plan during all or a portion of the year and (ii) salary and wages, if any, under the Plan during the year was subject to the Basic Annual Limitation described in Section 4.1 or any other plan ceiling required by Section 457(b) of the Code.

(c) Pre-2002 Coordination Years. For purposes of Section 4.3(b)(2)(B), "contributions to Pre-2002 Coordination Plans" means any employer contribution, salary reduction or elective contribution under any other eligible Code Section 457(b) plan, or a salary reduction or elective contribution under any Code Section 401(k) qualified cash or deferred arrangement, Code Section 402(h)(1)(B) simplified employee pension (SARSEP), Code Section 403(b) annuity contract, and Code Section 408(p) simple retirement account, or under any plan for which a deduction is allowed because of a contribution to an organization described in Section 501(c)(18) of the Code, including plans, arrangements or accounts maintained by the Employer or any employer for whom the Participant performed services. However, the contributions for

any calendar year are only taken into account for purposes of Section 4.3(b)(2)(B) to the extent that the total of such contributions does not exceed the aggregate limit referred to in Section 457(b)(2) of the Code for that year.

(d) Disregard Excess Deferral. For purposes of Sections 4.1, 4.2 and 4.3, an individual is treated as not having deferred compensation under a plan for a prior taxable year to the extent Excess Deferrals under the plan are distributed, as described in Section 4.6. To the extent that the combined deferrals for pre-2002 years exceeded the maximum deferral limitations, the amount is treated as an Excess Deferral for those prior years.

#### **4.5 Deferrals Prior To or After Severance from Employment, Including Sick, Vacation, and Back Pay:**

A participant who has not had a severance from employment may elect to defer accumulated sick pay, accumulated vacation pay, and back pay under the following terms:

(a) deferrals attributable to accumulated sick pay, accumulated vacation pay, and back pay may be deferred for any calendar month only if an agreement providing for the deferral is entered into before the beginning of the month in which the amounts would otherwise be paid or made available and the participant is an employee on the date the amounts would otherwise be paid or made available, or

(b) deferrals attributable to accumulated sick pay, accumulated vacation pay, and back pay may be made for former employees with respect to compensation described in Section 1.415(c)-2(e)(3)(ii) of the Income Tax Regulations (relating to certain compensation paid within 2½ months following severance from employment), compensation described in Section 1.415(c)-2(g)(4) of the Income Tax Regulations (relating to compensation paid to participants who are permanently and totally disabled), and compensation relating to qualified military service under Section 414(u) of the Code.

**4.6 Correction of Excess Deferrals:** If the Deferrals on behalf of a Participant for any calendar year exceed the limitations described above, or the Deferrals on behalf of a Participant for any calendar year exceed the limitations described above when combined with other amounts deferred by the Participant under another Eligible Deferred Compensation Plan for which the Participant provides information that is accepted by the Employer, then the Deferral, to the extent in excess of the applicable limitation (adjusted for any income or loss in value, if any, allocable thereto), shall be distributed to the Participant.



**4.7 Protection of Persons Who Serve in a Uniformed Service:** An Employee whose employment is interrupted by qualified military service under Section 414(u) of the Code or who is on a leave of absence for qualified military service under Section 414(u) of the Code may elect to make additional Deferrals upon resumption of employment with the Employer equal to the maximum Deferrals that the Employee could have elected during that period if the Employee's employment with the Employer had continued (at the same level of salary or wages) without the interruption or leave, reduced by the Deferrals, if any, actually made for the Employee during the period of the interruption or leave. This right applies for five years following the resumption of employment (or, if sooner, for a period equal to three times the period of the interruption or leave). Effective January 1, 2007, if a Participant dies while performing qualified military service (as defined in Section 414(u) of the Code), the Participant's Beneficiaries shall be entitled to receive any additional benefits (other than additional credits described in Section 3.7 or similar benefit accruals relating to the period of qualified military service) provided under the Plan, as if the Participant had resumed employment and subsequently experienced a Severance from Employment on account of death.

## **Article 5 - Participant Accounts**

**5.1 Crediting of Accounts:** All Deferrals and Transfers with respect to a Participant shall be credited to the Participant's Account as of the date such amounts are invested in the Fund in accordance with the procedures established by the Board. The Employer shall remit to CalPERS all Deferrals and Transfers directed by Participants to be invested in the Fund as soon as reasonably practicable after such amounts are withheld from the Participant's salary or wages or are available from the transferor plan, as applicable.

**5.2 Account Balances:** The value, or balance, of each Participant's Account shall equal the aggregate value of the Fund investments held with respect to the Participant, based on the Investment Options selected by the Participant, and the method of valuation established by the Board. Each Participant shall periodically receive a statement which shows his or her Account balance and summarizes any credits or other transactions since the preceding statement. In the event that an individual has participated in this Plan by reason of employment with two or more Employers, separate Accounts shall be maintained for such individual with respect to each employment relationship.

## Article 6 - Distributions

**6.1 Commencement of Distributions upon Severance from Employment:** Upon a Participant's Severance from Employment with an Employer (including a Severance from Employment described in Section 6.8), the Participant may elect to receive distributions under one of the optional distribution forms described in Section 6.2, or the Participant may elect a deferred commencement date under Section 6.3. If no election is made by the date the Participant attains age 70-1/2 (or, if later, 30 days after the Participant's Severance from Employment), distributions shall commence in accordance with Section 6.9.

**6.2 Optional Distribution Forms:** Prior to the commencement date under Section 6.1 or Section 6.3, as applicable, the Participant may elect to have his or her Account distributed in one of the following forms:

- (a) a single lump sum payment;
- (b) installment payments for a period of years (payable on an annual, semi-annual, quarterly, or monthly basis) which extends no longer than the life expectancy of the Participant or such longer period as permitted under Section 6.9(b);
- (c) partial lump sum payment of a designated amount;
- (d) any combination of the above forms of distribution; or
- (e) such other form of installment payments as may be approved by the Board consistent with the limitations of Section 6.9.

The Participant or a Beneficiary, after a Participant's death, may request a change to the form of distribution initially elected under this Section. Any such election must be made in writing at least 60 days prior to the effective date of the change. The Participant's distributions made under a subsequent election shall be under one of the optional distribution forms described in this Section.

**6.3 Deferred Commencement Date:** A Participant may elect a deferred commencement date for part or all of the Participant's Account balance at any time prior to the calendar year the Participant attains age 70-1/2 (or, if later, 30 days after the Participant's Severance from Employment). Such date may not be later than the Participant's Required Beginning Date.

**6.4 In-Service Distributions From Rollover Account:** If a Participant has a separate account attributable to rollover contributions to the Plan, the Participant may at any time elect to receive a distribution of all or any portion of the amount held in the rollover account under any optional distribution form described in Section 6.2.

**6.5 Cash-outs and Combined Payments:** The Board reserves the right to adopt guidelines, which shall be uniformly applied to all Plan Participants and Beneficiaries, under which Account balances below a specified level may be distributed in a lump sum upon Severance from Employment or at a deferred commencement date and installment payments below a specified amount may be combined and paid at less frequent intervals (but not less frequently than annually). In addition, the Board reserves the right, subject to the limitations of section 457(e)(9)(A) of the Code, to establish uniform guidelines under which a Participant's Account balances may be distributed in a lump sum either before or after the Participant's Severance from Employment, and either with or without the Participant's consent, provided that (i) the Participant's Account balance does not exceed \$1,000 in the case of a distribution without the Participant's consent (\$5,000 before March 28, 2005), (ii) the Participant's Account balance does not exceed \$5,000 in the case of a distribution with the Participant's consent, (iii) no Deferral has been credited to the Participant's Account in the preceding twenty-four (24) months, and (iv) no prior payment has been made to the Participant under Section 6.1 or this Section 6.5.

**6.6 Unforeseeable Emergency Distributions:** In the event of an Unforeseeable Emergency prior to or after the commencement of distributions, a Participant may apply to receive that part of the value of the Participant's Account that is reasonably needed to satisfy the emergency need, including any income tax resulting from the distribution. Payment will not be made to the extent that the financial hardship may be satisfied through cessation of Deferrals, insurance or other reimbursement, or a liquidation of other assets to the extent such liquidation would not itself cause severe financial hardship.

**6.7 Death Benefits:** Upon the Participant's death, the Participant's remaining Account balance shall be payable to the Beneficiary as soon as reasonably practicable after the Participant's death, unless the Beneficiary elects a deferred commencement date that is consistent with the limitations set forth below. Prior to the Beneficiary's commencement date, the Beneficiary may elect to receive the Participant's remaining Account balance under any optional distribution form described in Section 6.2, provided that the elected distribution form satisfies the limitations set forth below.

(a) If the Participant dies prior to the Participant's Required Beginning Date and the Beneficiary is the Participant's surviving spouse, the commencement date shall be no later than the last day of the Year in which the Participant would have attained age 70-1/2 (or, if later, the Year immediately following the Year of the Participant's death) and shall be paid over a period that does not exceed the Beneficiary's life expectancy using the single life table in Section 1.401(a)(9)-9, A-1, of the Income Tax Regulations for the spouse's age on the spouse's birthday for that year.

(b) If the Participant dies prior to the Participant's Required Beginning Date and the Beneficiary is not the Participant's surviving spouse, the entire Account balance shall be distributed no later than (i) the last day of the Year which includes the fifth (5th) anniversary of the Participant's death, or (ii) if distributions to the Beneficiary commence by the last day of the Year

immediately following the Year of the Participant's death, the entire Account balance shall be distributed over the Beneficiary's life expectancy determined in the year following the year of the Participant's death using the single life table in Section 1.401(a)(9)-9, A-1, of the Income Tax Regulations for the Beneficiary's age on the Beneficiary's birthday for that year, reduced by one for each year that has elapsed after that year.

(c) If the Participant dies after the Participant's Required Beginning Date or after the commencement of distributions in the form of an annuity, the Beneficiary may not elect to defer the commencement of death benefits, and the Participant's remaining Account shall be distributed at least as rapidly as under the method selected by the Participant.

(d) In the event that a Beneficiary dies before all payments to the Beneficiary have been completed, the remaining value of the Participant's Account shall be paid to the estate of the Beneficiary in a lump sum.

(e) If there are two or more Beneficiaries, the provisions of this Section 6.7 and Section 6.9 shall be applied separately to each Beneficiary with respect to that Beneficiary's share in the Participant's Account.

(f) No Beneficiary shall have any right of recovery against the Employer or the Plan for any distributions that are made in the name of the Participant before a Plan representative has been duly notified of the Participant's death.

**6.8 Uniformed Service Member Distributions:** Effective January 1, 2009, a Participant who is performing service in the uniformed services (as defined in chapter 43 of title 38, United States Code) and on active duty for a period of more than 30 days will be treated as if he has experienced a "Severance from Employment" under Section 6.1 above, in accordance with section 414(u)(12)(B) of the Code. Such Participant may elect to receive a distribution of all or a portion of his Account; provided, however, that the Participant will not be required to take a distribution under this Section 6.8. A Participant who elects to receive a distribution pursuant to this Section 6.8 will be precluded from making Deferrals to the Plan during the six (6) month period beginning on the date of such distribution.

## **6.9 Latest Distribution Date:**

(a) In general. In no event shall any distribution under this Section 6 begin later than the Required Beginning Date. If distributions commence in the calendar year following the later of the calendar year in which the Participant attains age 70-1/2 or the calendar year in which the Severance from Employment occurs, the distribution on the date that distribution commences must be at least equal to the minimum installment payment for the year that the Participant has a Severance from Employment (determined under paragraph (b)) and an amount at least equal to the minimum installment payment for the year after Severance from Employment (determined under paragraph (b)) must also be paid before the end of the calendar year of commencement.

(b) Minimum installment amount. Unless a lower amount is permitted under Code Section 401(a)(9), the minimum installment amount is the amount payable equal to a fraction of the Account balance equal to one divided by the distribution period set forth in the Uniform Lifetime Table at Section 1.401(a)(9)-9, A-2, of the Income Tax Regulations for the Participant's age on the Participant's birthday for that year. If the Participant's age is less than age 70, the distribution period is 27.4 plus the number of years that the Participant's age is less than age 70. The Account balance for this calculation (other than the final installment payment) is the Account balance as of the end of the year prior to the year for which the distribution is being calculated.

## **6.10 Distributions/Rollovers from Fund:**

(a) In general. Except as otherwise provided herein, all distributions shall be made directly from the Fund to the Participant or Beneficiary. To the extent required by law, income and other taxes shall be withheld from each benefit payment, and payments shall be reported to the appropriate governmental agency or agencies.

(b) Rollover Distributions. A Participant, the surviving spouse of a Participant (or a Participant's former spouse who is the alternate payee under a domestic relations order, as defined in Section 414(p) of the Code), or a nonspouse Beneficiary who is entitled to an eligible rollover distribution may elect, at the time and in the manner prescribed by the Board, to have all or any portion of the distribution paid directly to an eligible retirement plan specified by the Participant in a direct rollover.

(c) Definitions. For purposes of this Section 6.11, an eligible rollover distribution means any distribution of all or any portion of a Participant's Account balance, except that an eligible rollover distribution does not include (a) any installment payment under Section 6.2 for a period of 10 years or more (b) any distribution made under Section 6.6 as a result of an unforeseeable emergency, or (c) for any other distribution, the portion, if any, of the distribution that is a required minimum distribution under Section 401(a)(9). In addition, an eligible retirement plan means an individual retirement account described in Section 408(a) of the Code, an individual

retirement annuity described in Section 408(b) of the Code, a qualified trust described in Section 401(a) of the Code, an annuity plan described in Section 403(a) or 403(b) of the Code, an eligible governmental plan described in Section 457(b) of the Code, or a Roth individual retirement account described in Section 408A of the Code, that accepts the eligible rollover distribution.

## **Article 7 - Transfers**

**7.1 Acceptance of Transfers:** A Transfer will be accepted and credited to a Participant's Account under the Plan if such Transfer is made from another Eligible Deferred Compensation Plan maintained by the Employer or another employer and is made in cash or other property that the Board accepts for investment in the Fund. Any Transfer so credited to a Participant's Account shall be invested in the Fund, and the portion of the Participant's Account balance attributable to such Transfer shall be distributed in accordance with the terms of the Plan.

### **7.2 Eligible Rollover Contributions to the Plan:**

(a) A Participant who is an Employee and who is entitled to receive an eligible rollover distribution from another eligible retirement plan may request to have all or a portion of the eligible rollover distribution paid to the Plan. The Board may require such documentation from the distributing plan as it deems necessary to effectuate the rollover in accordance with Section 402 of the Code and to confirm that such plan is an eligible retirement plan within the meaning of Section 402(c)(8)(B) of the Code.

(b) For purposes of this Section 7.2, an eligible rollover distribution means any distribution of all or any portion of a Participant's benefit under another eligible retirement plan, except that an eligible rollover distribution does not include (1) any installment payment for a period of 10 years or more, (2) any distribution made as a result of an unforeseeable emergency or other distribution which is made upon hardship of the employee, or (3) for any other distribution, the portion, if any, of the distribution that is a required minimum distribution under Section 401(a)(9) of the Code. In addition, an eligible retirement plan means an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, a qualified trust described in Section 401(a) of the Code, an annuity plan described in Section 403(a) or 403(b) of the Code, or an eligible governmental plan described in section 457(b) of the Code, that accepts the eligible rollover distribution.

(c) The Plan shall establish and maintain for the Participant a separate account for any eligible rollover distribution paid to the Plan from any eligible retirement plan that is not an eligible governmental plan under Section 457(b) of the Code. In addition, the Plan shall establish and maintain for the Participant a separate account for any eligible rollover distribution paid to the Plan from any eligible retirement plan that is an eligible governmental plan under Section 457(b) of the Code.

### **7.3 Transfers to other Plans:**

(a) At the election of a Participant, all or a portion of the Participant's Account balance may be transferred to another Eligible Deferred Compensation Plan maintained by the Employer or another employer of the Participant, provided that such other plan accepts transfers and the transfer is otherwise in accordance with Section 457(e)(10) of the Code and Section 1.457-10(b) of the Income Tax Regulations.

(b) In connection with an Employer withdrawal from participation in the Plan, such Employer may direct the transfer of all Participant Account balances to another Eligible Deferred Compensation Plan, provided that such other plan accepts transfers and the transfer is otherwise in accordance with Section 457(e)(10) of the Code and Section 1.457-10(b) of the Income Tax Regulations.

**7.4 Transfer Conditions:** The Board reserves the right to limit the terms and conditions under which Transfers will be accepted from or made to other Eligible Deferred Compensation Plans, including requiring such documentation from the other plan as it deems necessary to effectuate the transfer in accordance with Section 457(e)(10) of the Code and Section 1.457-10(b) of the Income Tax Regulations and to confirm that the other plan is an Eligible Deferred Compensation Plan.

**7.5 Permissive Service Credit Transfers:** If a Participant is also a participant in a tax-qualified defined benefit governmental plan (as defined in Section 414(d) of the Code) that provides for the acceptance of plan-to-plan transfers with respect to the Participant, then the Participant may elect to have any portion of the Participant's Account balance transferred to such defined benefit governmental plan as may be permitted by such defined benefit governmental plan. A transfer under this Section 7.5 may be made before the Participant has had a Severance from Employment; provided, however, that such a transfer may be made only if the transfer is either for the purchase of permissive service credit (as defined in Section 415(n)(3)(A) of the Code) under the receiving defined benefit governmental plan or a repayment to which Section 415 of the Code does not apply by reason of Section 415(k)(3) of the Code.

## **Article 8 – Loans**

**8.1 Loans:** A Participant who is an Employee of an Employer that has adopted the Loan Provision for its Employees may apply for and receive a loan from his or her Account Balance as provided in this Section 8. Any such loan may not be for an amount less than \$1,000.

**8.2 Maximum Loan Amount:** No loan to a Participant hereunder may exceed the lesser of:

(a) \$50,000, reduced by the greater of (i) the outstanding balance on any loan from the Plan to the Participant on the date the loan is made or (ii) the highest outstanding balance on loans from the Plan to the Participant during the one-year period ending on the day before the date the loan is approved by the Plan (not taking into account any payments made during such one-year period), or

(b) one half of the value of the Participant's vested Account Balance (as of the Valuation Date immediately preceding the date on which such loan is approved by the Plan).

For purposes of this Section 8.2, any loan from any other plan maintained by a participating employer shall be treated as if it were a loan made from the Plan, and the Participant's vested interest under any such other plan shall be considered a vested interest under this Plan; provided, however, that the provisions of this paragraph shall not be applied so as to allow the amount of a loan under this Section 8.2 to exceed the amount that would otherwise be permitted in the absence of this paragraph.

**8.3 Terms of Loan:** The terms of the loan shall:

(a) require level amortization with payments not less frequently than quarterly throughout the repayment period, except that alternative arrangements for repayment may apply in the event that the borrower is on an bona fide unpaid leave of absence for a period not to exceed one year for leaves other than a qualified military leave within the meaning of Section 414(u) of the Code or for the duration of a leave which is due to qualified military service;

(b) require that the loan be repaid within five years; and

(c) provide for interest at a rate equal to one percentage point above the prime rate as published in the Wall Street Journal on the first business day of the month in which the loan is approved by the Plan.

**8.4 Security for Loan; Default:**

(a) Security. Any loan to a Participant under the Plan shall be secured by the pledge of the portion of the Participant's interest in the Plan invested in such loan.



(b) Default. In the event that a Participant fails to make a loan payment under this Section 8 within the last day of the quarter following the quarter when the payment is due, a default on the loan shall occur. The rules that apply in the event of such a default shall be governed by separate loan procedures to be adopted by the Board.

**8.5 Repayment:** The Participant shall be required, as a condition to receiving a loan, to enter into an irrevocable agreement authorizing the Employer to make payroll deductions from his or her Compensation as long as the Participant is an Employee and to transfer such payroll deduction amounts to the Trustee in payment of such loan plus interest. Repayments of a loan shall be made by payroll deduction of equal amounts (comprised of both principal and interest) from each paycheck, with the first such deduction to be made as soon as practicable after the loan funds are disbursed; provided however, that a Participant may prepay the entire outstanding balance of his loan at any time (but may not make a partial prepayment); and provided, further, that if any payroll deductions cannot be made in full because a Participant is on an unpaid leave of absence or is no longer employed by a participating employer (that has consented to make payroll deductions for this purpose) or the Participant's paycheck is insufficient for any other reason, the Participant shall pay directly to the Plan the full amount that would have been deducted from the Participant's paycheck, with such payment to be made by the last business day of the calendar month in which in which the amount would have been deducted.

## **Article 9 - Participant Rights**

**9.1 Participants' Interest in the Fund:** The Fund shall constitute a trust held for the exclusive benefit of Participants and Beneficiaries under the Plan. The Board is the Trustee of the Fund. No part of the corpus or income of the Fund shall be used for, or diverted to, purposes other than for the exclusive benefit of Participants and their Beneficiaries, and no Employer or creditor of an Employer shall have any interest in or claim against any part of the assets of the Fund.

**9.2 Benefits Based on Account Balances:** The benefits payable to each Participant (and his or her Beneficiary) shall be measured by and limited to the amounts properly credited to the Participant's Account. A Participant shall have no claim under the Plan for any loss or diminution of his or her Account balance that is attributable to any loss in the value of the investment portfolios of the Fund that correspond with the Investment Options selected by the Participant or in connection with any other investment selected by the Participant through a Self-Managed Account.

**9.3 Nonassignability:** Except as provided in Section 9.4, the rights of a Participant or Beneficiary under this Plan may not be sold, assigned, pledged, committed, transferred, or otherwise conveyed, and any attempt to assign or transfer rights or benefits under this Plan shall not be recognized. Except as otherwise required by law, the rights of a Participant or Beneficiary under this Plan shall not be subject to attachment, garnishment, or execution, or to transfer by operation of law in the event of bankruptcy or insolvency of the Participant or Beneficiary or otherwise.

**9.4 Transfers under Domestic Relations Orders:** To the extent required under a final judgment, decree, or order (including approval of a property settlement agreement) made pursuant to a state domestic relations law, any portion of a Participant's Account may be paid or set aside for payment to a spouse, former spouse, or child of the Participant. Where necessary to carry out the terms of such an order, a separate account shall be established with respect to the spouse, former spouse, or child who shall be entitled to choose Investment Options in the same manner as the Participant. Any amount so set aside for a spouse, former spouse, or child shall be paid out in a lump sum, unless the judgment, decree, or order directs a different form of payment. The Board also may adopt administrative procedures to permit payment to be made without regard to whether the Participant is eligible for a distribution under the Plan. Nothing in this Section 9.4 shall be construed to authorize any amount to be distributed under the Plan at a time or in a form that is not permitted under Section 457 of the Code.

**9.5 Release from Liability to Participant:** A Participant's right to receive benefits under the Plan shall be reduced to the extent that any portion of a Participant's Account has been paid or set aside for payment to a spouse, former spouse, or child pursuant to Section 9.4 or to the extent that the Employer or the Plan is otherwise subject to a binding judgment, decree, or order for the attachment, garnishment, or execution of any portion of the Participant's Account or of any distributions therefrom. The Participant shall be deemed to have released the Employer and the Plan from any claim with respect to such amounts in any case in which (i) the Employer, the Plan, or any Plan representative has been served with legal process or otherwise joined in a proceeding relating to such amounts, (ii) the Participant has been notified of the pendency of such proceeding in the manner prescribed by the law of the jurisdiction in which the proceeding is pending for service of process or by mail from the Employer or a Plan representative to the Participant's last known mailing address, and (iii) the Participant fails to obtain an order of the court in the proceeding relieving the Employer and the Plan from the obligation to comply with the judgment, decree, or order.

**9.6 Participation in Legal Proceedings:** Neither the Employer nor any Plan representative shall be obligated to incur any cost to defend against or set aside any judgment, decree, or order relating to the division, attachment, garnishment, or execution of the Participant's Account or of any distribution therefrom. Notwithstanding the foregoing, if the Employer, the Plan, or a Plan representative is joined in any such proceeding, a Plan representative shall take such steps as it deems necessary and appropriate to protect the terms of the Plan.

## **Article 10 - Terms of Fund Investments**

**10.1 Use of Fund:** Except as otherwise provided herein, the Fund shall serve as the exclusive investment vehicle for amounts held under this Plan. By executing an Adoption Agreement, each participating Employer shall agree to accept the terms and conditions of Fund investments set forth herein and to invest all Deferrals and Transfers with respect to its Employees in the Fund. Except as otherwise authorized by the Board, Fund investments shall be restricted to participating Employers that have adopted this Plan.

**10.2 Administration of Fund:** As provided in section 21677 of the Government Code, the Board has the exclusive control of the administration and investment of the Fund. As provided in section 21676 of the Government Code, the Board may retain a bank or trust company to serve as a custodian for safekeeping, recordkeeping, delivery, securities valuation, investment performance reporting, or other services in connection with the investment of the Fund. In addition, the Board may retain one or more investment managers or investment advisors to manage or participate in the management of the investment portfolios of the Fund. All expenses and fees incurred in the administration of the Fund shall be treated as Plan expenses under Section 11.4.

**10.3 Investment Options:** The Board shall establish such Investment Options as it deems necessary to provide Participants with a diversified range of alternatives, including but not limited to Investment Options of the type described in section 21673 of the Government Code. The Board may designate a “default” Investment Option under the Plan in accordance with the procedures and investment policy established by the Board. Each Investment Option shall be based upon the investment performance of one or a combination of separate investment portfolios maintained under the Fund. The Board shall specify the investment objectives and characteristics of each Investment Option and the corresponding investment portfolio or portfolios and shall provide Employers and eligible Employees with a written description of each available Investment Option. The Board, in its sole discretion, may add, eliminate, or consolidate Investment Options and corresponding investment portfolios from time to time. In the event that an Investment Option is eliminated, the Board shall provide prior notice of such elimination, and if the Participants whose Accounts were wholly or partially allocated to that Investment Option do not make a re-allocation, the Board shall re-allocate such amounts to the available Investment Option or Investment Options that the Board in its sole discretion deems most comparable to the eliminated Investment Option.

**10.4 Fund Investments:** Subject to the limitations of applicable law and such further limitations as the Board may establish, each investment portfolio of the Fund may hold any form of investment that is consistent with its investment objectives. Without limiting the generality of the foregoing, the investment portfolios may hold equity or debt securities (other than securities issued by any Employer), fixed or variable annuity contracts (including deposit administration contracts) issued by life insurance companies, certificates of deposit or fixed rate investment

contracts issued by a bank or similar institution, and such short-term instruments or deposits as the Board deems necessary to satisfy the liquidity needs of the Fund. In addition, each investment portfolio may hold shares, units, or participating interests in regulated investment companies, common or collective trust funds maintained by banks or similar institutions, investment partnerships, or other pooled investment funds or trusts that may issue participating interests to Eligible Deferred Compensation Plans. Notwithstanding the foregoing, the Board, in its sole discretion, may also permit Employers to elect to allow their Employees to invest in a Self-Managed Account. Amounts invested by a Participant in a Self-Managed Account will be retained within the Plan and a Participant may be required to sell or exchange such investments and/or transfer amounts invested through a Self-Managed Account into one or more Investment Options made available under the Fund before taking a distribution from the Plan. Unlike the Investment Options made available under the Fund, the investments available under the Self-Managed Account are not selected, reviewed, or monitored by the Board. The Board may eliminate the availability of Self-Managed Accounts at any time.

**10.5 Valuation and Accounting:** Each investment portfolio of the Fund shall be valued at least monthly, and the value of each Participant's Account shall be determined by reference to the portion of the Participant's Account allocable to each investment portfolio. The valuation of each investment portfolio shall reflect income received and accrued, realized and unrealized gains and losses, and allocable Fund expenses. The value of each Participant's interest in an investment portfolio may be measured in units, shares, or dollars. In addition, the Board shall maintain records showing the value of the Fund investments allocable to all Participants (and deceased Participants) whose entitlement to benefits under the Plan is attributable to employment with each participating Employer.

**10.6 Redemption Restrictions:** No Employer shall have any right to redeem, revoke, sell, or otherwise liquidate any contribution to or investment in the Fund, except as may be necessary to:

(a) effectuate a Participant's election to transfer all or a portion of his or her Account balance to another Eligible Deferred Compensation Plan pursuant to Section 7.3(a);

(b) effectuate a transfer of Participant Account balances to another Eligible Deferred Compensation Plan as part of an Employer's withdrawal from this Plan pursuant to Section 7.3(b); or

(c) correct an investment in the Fund made by reason of a mistake of fact.

Nothing in paragraphs (a) through (c), above, shall give any Employer the right to redeem, revoke, sell, or otherwise liquidate any Fund investment, unless the Board or its designee has been provided with adequate evidence of the Employer's right to do so.

## **Article 11 - Administration of Plan**

**11.1 Duties of Board:** Except as provided in Section 11.3, the administration of the Plan shall be under the exclusive control of the Board. The decisions of the Board shall be final, binding, and conclusive on all interested persons for all purposes. No member of the Board shall be entitled to act on or decide any matters relating solely to himself or herself or any of his or her rights or benefits under the Plan. To the maximum extent permitted by law, each member of the Board shall be held harmless for all acts performed in good faith in connection with the Plan.

**11.2 Delegation of Authority:** The Board may delegate to any individual member of the Board, any employee or employees of CalPERS, or any independent contractor the authority to act as the Board's agent with respect to any matter within the control of the Board, provided that any such delegation of authority shall be subject to revocation by the Board. Any act that the Board is required or authorized to perform under the terms of this Plan, including any communication to be made or received by the Board and the adoption of any supplementary guidelines or procedures, may be performed by an agent of the Board, provided such person is acting within the scope of that person's delegation of authority from the Board. To the maximum extent permitted by law, each employee of CalPERS shall be held harmless for any act performed in good faith in connection with the Plan.

**11.3 Duties of Employer:** In accordance with procedures established by the Board, the Employer shall be responsible:

- (a) to assure that participation in the Plan is limited to Employees of the Employer and to make the Plan available to all eligible Employees;
- (b) to assure that Deferrals are properly deducted from the salaries and wages of participating Employees and remitted on a timely basis and as soon as reasonably practicable to the Fund and to report the amount of such Deferrals on Employee's wage statements in the manner required under applicable law;
- (c) to assure that Deferrals, taking account of amounts deferred under any other Eligible Deferred Compensation Plan maintained by the Employer, do not exceed the limitations described in Article 4;
- (d) to approve distribution elections and applications, including applications for withdrawals on account of Unforeseeable Emergencies, in accordance with the requirements of Article 6;
- (e) to assure that an Employee's Severance from Employment described in Section 1.20 is reported to CalPERS timely and in the manner prescribed by the Board.
- (f) to provide the Board with such information and in such form as the Board deems necessary for the proper administration of the Plan; and

(g) to carry out such other responsibilities as the Employer and the Board may agree.

**11.4 Plan Expenses:** The expenses of administering the Plan and Fund, including (i) expenses incurred by the Board in the administration of the Plan and Fund, (ii) fees and expenses approved by the Board for investment advisory, custodial, recordkeeping, and other plan administration and communication services, and (iii) any other expenses or charges allocable to the Plan or the Fund that have been approved by the Board shall be charged to the Fund or, as appropriate, to a particular Investment Option or Investment Options under the Fund and shall be reflected in Participants' Account balances as provided in Section 5.2. Brokerage fees, transfer taxes, and any other costs incident to the purchase or sale by the Fund of securities or other investments shall be deemed to be part of the cost of such securities or investments or deducted in computing the sales proceeds therefrom and shall be accounted for accordingly. Notwithstanding the foregoing, the Board reserves the right, as provided in section 21675 of the Government Code, to enter into arrangements with Employers under which specified administration costs are borne by such Employers or charged against additional Deferrals under Section 3.7 at the time invested in the Fund.

**11.5 Communications from Participants:** All enrollments, elections, designations, applications and other communications by or from an Employee, Participant, Beneficiary, or legal representative of any such person regarding that person's rights under the Plan shall be made in the form and manner established by the Board and shall be deemed to have been made and delivered only upon actual receipt by the person designated by the Board to receive such communication. Neither the Board nor the Employer shall be required to give effect to any such communication that is not made on the prescribed form and in the prescribed manner and that does not contain all information called for on the prescribed form. The Employer shall promptly furnish the Board or its designee a copy of any such communication that is delivered or transmitted to the Employer.

**11.6 Communications to Employers:** All notices, statements, reports, and other communications from the Board to any Employer shall be deemed to have been duly given when delivered to, including electronic delivery, or when mailed by first class mail, to the official of the Employer who has been designated by the Employer in connection with its Adoption Agreement (or as a modification of the information provided in connection with its Adoption Agreement) to receive such communications.

**11.7 Communications to Participants:** All notices, statements, reports, and other communications from the Board or an Employer to any Employee, Participant, Beneficiary, or legal representative of any such person shall be deemed to have been duly given when delivered to, including electronic delivery, or when mailed by first class mail, to such person at his or her last mailing address appearing on the Plan records.

**11.8 Time Periods:** As necessary or desirable to facilitate the proper administration of the Plan and consistent with the requirements of section 457 of the Code, the Board may further restrict the time periods during which a Participant or Beneficiary is required to make any election under the Plan, including the making or amending of a Deferral Agreement, the making or amending of Investment Option selections, the election of distribution commencement dates or distribution forms.

## **Article 12 - General Provisions**

**12.1 Amendment:** Subject to the requirements of the Government Code, the Board reserves the right at any time to amend or modify the Plan without the consent of any Employer, Participant, or Beneficiary. The Board shall give notice of any such amendment or modification to participating Employers. Except as may be required to maintain the status of the Plan as an Eligible Deferred Compensation Plan under section 457 of the Code or to comply with other applicable law, no amendment or modification shall impair any individual's right to benefits under the Plan or expand any Employer's obligation to provide benefits with respect to amounts previously credited to Participants' Accounts.

**12.2 Effect on Employment:** Nothing contained herein shall give any Employee the right to be retained in the employment of an Employer or affect the right of an Employer to terminate any Employee's employment.

**12.3 Binding Contract:** The terms of this Plan, as duly amended from time to time, shall constitute a contract between each Participant and the Employer and shall be binding, as applicable, upon their heirs, administrators, trustees, successors, assigns, and Beneficiaries.

**12.4 Supplementary Information and Procedures:** Any explanatory brochures, pamphlets, or notices distributed by the Board to Employees, Participants, Beneficiaries, or Employers shall be distributed for information purposes and shall not override any provision of this Plan or give any person any claim or right not provided for under this Plan. Notwithstanding the foregoing, to the extent that the terms of this Plan document authorize the Board to adopt supplementary guidelines or procedures, any publication announcing such guidelines or procedures may be relied upon by the persons to whom it is distributed, unless and until modified by a subsequent publication. Any procedural requirement described in any such publication shall be binding upon the Employee, Participant, Beneficiary, or Employer, as applicable, to the same extent as if such requirement were set forth in this Plan document.

**12.5 Incompetence of Payee:** If an Employer or the Board shall find that any person to whom any amount is payable under the Plan is unable to care for his or her affairs, is a minor, or has died, any payment due him or her, or his or her estate, may be paid to his or her spouse, a child, a relative, or any other person having maintaining or having custody of such person, unless a prior claim therefor has been made by a duly appointed legal representative. Any such payment shall be a complete discharge of all liability under the Plan thereof.

**12.6 Inability to Locate Beneficiary:** Each Participant and each Beneficiary designated by the Participant (to the extent the Participant is deceased) shall be responsible for filing with the Board the Participant's or Beneficiary's (as applicable) current mailing address and other contact information that may be requested by the Board. Any communication, statement or notice addressed to a Participant or Beneficiary at the mailing address on file with the Board shall be binding on the Participant and each Beneficiary for all purposes of the Plan. If the Board notifies a Participant or Beneficiary at such mailing address that the Participant or Beneficiary is entitled to payment, and the Participant or Beneficiary fails to claim the his or her benefits or is not able to be located after reasonable diligence within three (3) years after such notification, the Participant's or Beneficiary's benefits shall escheat to the state of California, to the extent permitted by applicable law.

**12.7 Applicable Law:** This Plan shall be construed under the laws of the State of California and in conformity with the requirements of section 457 of the Code and all regulations thereunder applicable to Eligible Deferred Compensation Plans.



# Loan Feature

Planning for the unexpected can be difficult. Before you decide to tap into your CalPERS Supplemental Income 457 Plan account, make sure you understand how a loan could impact your retirement savings.

## Who may apply for a loan?

Any participant, whose Agency has adopted the Loan Provision, may take a loan from their account with the CalPERS Supplemental Income 457 Plan (the "Plan"). You will need to contact your Agency or the Plan Information Line **1-800-260-0659** to learn if your Agency has adopted the Loan Provision.

## What are the fees associated with applying for a loan?

- The charge is \$50 per loan application paid by the participant. This fee is deducted from your Plan account.
- There are no annual maintenance fees or asset-based fees assigned to the loan.

The following may help you in determining if requesting a loan is really the best method for you to meet those unexpected expenses:

## Taking a loan from the Plan

### How do you apply for a loan?

As a participant in the Plan, you may apply for a loan over the Plan Information Line at **1-800-260-0659** or Web Sites at <https://calpers.voyaplans.com>

### What happens if and when the loan is approved?

Once the application is submitted and approved the following will occur:

- You will receive the loan check along with a Truth-in-Lending Disclosure Statement.
- The promissory note and security agreement will be printed on the back of the loan check.
- The notice will contain the amount financed, the finance charge, the loan's annual percentage rate, the repayment procedure, the security interest and a copy for you to keep for your records.

### What are the minimum and maximum loan amounts?

The minimum loan amount is \$1,000.

The maximum loan amount is the lesser of:

- 50% of your vested account balance as of the Valuation Date of the loan or, \$50,000
  - The Valuation Date is the business day immediately preceding the date on which the loan is approved
- This amount is then reduced by your highest outstanding loan balance, if any, over the last 12 months.

### How is the maximum loan amount calculated?

The IRS Limits the amount you may take from multiple plans for loans. For the purpose of determining the maximum loan amount available to you, any loan from any other plan maintained by a participating employer will be treated as if it were a loan made from this Plan. The maximum loan amount is the lesser of: (1) 50 percent of your vested account balance as of the Valuation Date immediately preceding the date on which the loan is approved, or (2) \$50,000, less the highest outstanding loan balance over the last 12 months. By submitting this loan you are stating that you are in compliance with these regulations.

### How is the money taken out of my Plan investment offerings?

Loan disbursements will be taken pro rata across all the money sources and investment funds in your account, excluding SMA Funds.

### Will I have to pay taxes on the loan amount as if it was a distribution from my account?

No. Amounts borrowed through the Plan are not taxable distributions and are not subject to federal withholding taxes as long as the loan is repaid in full.

### Will I have to pay interest on my loan?

Yes, you will pay interest on your loan at a rate of the Prime Rate plus one percent, as printed in the Wall Street Journal on the last business day of the prior month. These interest payments will go back into your account; however, you will not be able to deduct this interest on your income tax return.

- The Service Members Civil Relief Act (an update to the Soldiers' and Sailors' Civil Relief Act of 1940) imposes a 6% maximum limit on the interest rate charged to military service members for loans during the duration of active military service. For more information, contact a Participant Service Representative at **1-800-260-0569**, Monday through Friday, 6:00 a.m. to 5:00 p.m. Pacific Time, except on New York Stock Exchange holidays.

## How a loan may affect your savings

Pros	Cons
You have access to the money in your Plan account.	The amount of the interest may be less than the money you would have earned had you invested the loan balance.
You pay yourself back with interest that may be lower than a bank interest rate.	Your loan repayments are made with after-tax dollars.
No credit check.	Many participants decrease or stop contributions while paying back a loan which negatively impacts your retirement savings.

# Requesting a Loan

## There are three ways to apply for a loan:

- 1** Log on to the CalPERS website at <https://calpers.voyaplans.com>, enter your login information, and select your Plan.
  - Under the *My Account* tab, click on *Loans*, then *Request a Loan*.
  - You will be required to provide your password to request a loan.
- 2** Call the CalPERS Plan Information Line at **1-800-260-0659**, option 1 and use the automated service to request a loan.
- 3** Call the CalPERS Plan Information Line at **1-800-260-0659**, and speak with a Participant Service Representative. Representatives are available Monday through Friday, 6:00 a.m. to 5:00 p.m. Pacific Time, except on New York Stock Exchange holidays.

**Upon approval, your loan application will be processed and a check will be mailed usually within 2 business days.**

## Loan Repayments

### How long may I take to repay the loan?

- The minimum time period for borrowing is one year.
- The maximum time period for borrowing is 5 years.

### How do I repay the loan?

You will repay yourself with interest through payroll deductions that are automatically deducted from your employer's payroll system.

- Payments will begin with the regular payroll beginning the second month, or as soon thereafter as is administratively practicable.
- Payroll contributions and payments, including after-tax repayments, will be submitted through the my|CalPERS system.

### How are payments applied to my account?

Loan repayments will be reinvested according to your current investment elections.

### May I payoff the loan in full?

Yes, you may prepay your loan in full at any time by paying the outstanding loan balance by cashier's check or certified check made payable to: CalPERS Supplemental Income 457 Plan.

- Partial payments are not allowed.

### What if I am called to Military Duty?

If you are called to military duty, loan repayment and the default process will be suspended. The loan repayment period is extended for the period of time you are on active military duty under the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA).

### Under what circumstances may my loan be immediately due and payable?

- Upon death, unpaid leave of absence, insufficient paycheck funds, retirement or termination of employment, your outstanding loan balance will be immediately due and payable.
- Failure to repay upon death, disability, retirement or termination will be deemed a distribution and will be reported as earned income and a 1099R will be issued.

## Loan Restrictions

### How many loans may be taken out?

- For all CalPERS Supplemental Income 457 Plans, the maximum number of loans permitted at one time is one.
- No new loan may be taken until the outstanding loan is paid off.
- Loan refinancing is not allowed.
- Loans can not be taken on the self-managed Personal Choice Retirement Account's Investments

### If I have a loan outstanding may I transfer monies between participating employers' plans?

- If you have an outstanding loan with the CalPERS 457 Plan and request a transfer of your account to another CalPERS 457 Plan maintained by a participating employer, CalPERS will process the transfer of your unencumbered account balance less the outstanding loan balance payable to the CalPERS 457 Plan.
  - Further transfer requests will not be processed until your loan with the CalPERS 457 Plan has been repaid in full.
- If you have an outstanding loan from any other plan provider maintained by a CalPERS 457 participating employer, CalPERS will accept a transfer of your unencumbered account balance from the other plan, less the amount of the outstanding loan balance payable to the other plan.

### May I use something besides my Plan account as collateral for a loan?

No. A loan may only be secured by an interest in your vested account balance.

## Loan Default

### What happens if I fail to make a scheduled payment?

CalPERS will treat a loan in default if any scheduled repayment remains unpaid after the expiration of the maximum grace period — the last day of the calendar quarter following the calendar quarter in which the required repayment was due, or if there is outstanding principal existing on the loan after the last scheduled repayment date.

### What happens if I enter into default on my loan?

If your loan is defaulted, your vested account balance will be offset by the outstanding loan balance to the extent that a distribution from your account is permissible under the Plan.

- The distribution made for the loan repayment will be reported as earned income and a 1099R will be issued.

# Self-Managed Account Overview

## What is The Self-Managed Account?

The Self-Managed Account (SMA) is a brokerage option offered through your CalPERS 457 Plan (the "Plan"). It affords you more flexibility in choosing your own retirement savings investments, with access to thousands of different mutual funds from hundreds of fund families. Investments are limited to mutual funds made available by the Schwab Personal Choice Retirement Account® (PCRA). Direct investments in stocks, bonds, etc., are not permitted. The mutual funds available under the SMA option are not selected, reviewed or monitored by CalPERS. The SMA account is not designed for all investors. It is designed for participants who are experienced investors that can make informed decisions and understand the risks associated with the investment decisions made. CalPERS is not responsible for losses that result from the participant's investment selections.

## How Do I Open An SMA?

You can open an SMA entirely online. To start the process:

1. Go to <https://calpers.voyaplans.com> to log into your account. Once you are logged in, click on **Investments**, then **Fund Information**, scroll down to **DO-IT-MYSELF**. To log into your Schwab account or open a new account, please select the **Schwab Self Directed Brokerage** link.
2. Enter the Retirement Plan ID, **calpers** as your Plan Password and your Social Security Number. The Retirement Plan ID is your Plan Number and may be found on your Quarterly Statement, by calling the CalPERS Information Line or by asking your employer.
3. Follow the steps to complete the online PCRA Application.
4. Once you click **Submit**, you will receive your new PCRA number instantly on the screen, and you'll be automatically re-directed to Schwab.com.
5. Once on **Schwab.com**, click **New User** (under **LOG IN**), then click **Register** to set up your PCRA for online access. You'll need to input your SSN, new PCRA number, Date of Birth and Home Phone Number for this step.
6. Your PCRA is now ready to be funded, and you can begin researching investment opportunities. You will receive welcome materials from Schwab in a few days.

The minimum initial transfer amount is \$1,000. For subsequent transfers the minimum is \$250, however you must maintain a minimum of \$1,000 in your core fund balance at all times. You may transfer a portion of your Plan account to the SMA all at once or from time to time, subject to certain restrictions. Contact the CalPERS Information Line at **1-800-260-0659** or go to the Plan website at <https://calpers.voyaplans.com> to initiate a transfer.

## Managing Your SMA

You can place trades and manage your PCRA balance in several convenient ways.

- Place trades and manage your account through Schwab's electronic channels, such as **Schwab.com**, mobile applications and automated phone services.
- For **Schwab.com**, log in and select your PCRA number to manage your account.
- For phone services, call **1-888-393-PCRA (7272)** to speak with a Schwab PCRA Registered Representative. PCRA Registered Representatives are available Monday through Friday, 6:00 a.m. to 4:30 p.m. (PT).

## Fees and Costs

The following annual fees are deducted pro rata on a monthly basis from your core fund investments in your CalPERS 457 account:

- an annual plan administration fee of 38 basis points, and
- \$50 annual maintenance fee.

In addition to the annual SMA fee, fees associated with the funds you choose may apply. For more information and a fund prospectus, you may call Schwab's dedicated PCRA Call Center at **1-888-393-PCRA (7272)**.

## Termination of Account

If you wish to no longer participate in the Self-Managed Account, send a notification requesting to terminate enrollment to:

Voya Financial™  
CalPERS Supplemental Income 457 Plan  
P.O. Box 5166  
Boston, MA 02206-5166

or fax to 888.228.6185

Your Plan account will be charged the annual \$50 fee until your request is received and processed.

CalPERS Self-Managed Account Overview

## Here's How It Works

After your Schwab PCRA is established, you fund your PCRA by transferring money from your CalPERS 457 Plan core investments. Assets transferred from your CalPERS 457 core investments are automatically allocated into the sweep money market fund in your PCRA within approximately two business days. Once the money is in your SMA account, you may then purchase the mutual funds of your choice. You may transfer money from your Plan to your SMA or from your SMA into your Plan as often as you like on any business day, subject to any trading restrictions.

**Money moves from your payroll deductions into your CalPERS 457 Plan core fund investments, and then into your Self-Managed Account.**



- Transfers completed before 1:00 p.m. Pacific Time (PT) will be processed the same business day, and your money generally will be available in your brokerage account the following day.
- Transfers completed after 1:00 p.m. (PT) will be processed the next business day and your money generally will be available in your brokerage account on the second business day thereafter.

**To transfer money out of the SMA, you must place a sell order. Sell trades are subject to a trade settlement period.**

- If your purchase/trade is completed before 1:00 p.m. (PT), your money typically will be available for a transfer into your core investment funds following the trade settlement period (generally three business days).
- If your purchase/trade is completed after 1:00 p.m. (ET), it will be processed the next business day and then your money typically will be available following the trade settlement period (generally three business days).

Loans, withdrawals and distributions cannot be made directly from the SMA. You must first sell your mutual fund holdings and transfer the money into your core investment funds in the Plan to complete these transactions.

## Confirmations and Statements

You will receive transaction confirmations by mail for all activity as well as quarterly brokerage statements. If you have activity during a given month, you will receive a brokerage statement for that month.

## For More Information

Visit <https://calpers.voyaplans.com> or call 1-800-260-0659.

*1 An investment in a money market fund and mutual funds is not a bank deposit and not insured or guaranteed by the Federal Deposit Corporation (FDIC), any other government agency, Charles Schwab & Co., Inc., or the Plan. Purchases of mutual funds involve investment risks, including the possible loss of the principal amount invested and there is no guarantee of future performance with respect to any investment. Mutual funds can fluctuate in value, and the price at which you redeem may be more or less than the price you paid. For most mutual funds, the minimum transaction size is \$250.00. For more information and a fund prospectus, you may call Schwab's dedicated PCRA Call Center at 1-888-393-PCRA (7272). You may also request a prospectus online at [www.schwab.com/prospectus](http://www.schwab.com/prospectus). Investors should read the prospectus carefully before making an investment.*

OCEANO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 1993 - 2

A RESOLUTION OF THE BOARD OF DIRECTORS  
ESTABLISHING A DEFERRED COMPENSATION PROGRAM FOR  
OCEANO COMMUNITY SERVICES DISTRICT

WHEREAS, the Oceano Community Services District has considered the establishment of a Deferred Compensation Plan to be made available to all eligible District employees, elected officials, and independent contractors pursuant to Federal legislation permitting such plans; and,

WHEREAS, certain substantial tax benefits could accrue to employees, elected officials, and independent contractors participating in said Deferred Compensation Plan; and,

WHEREAS, such benefits will act as incentives to District employees to voluntarily set aside and invest portions of their current income to meet their future financial requirements and supplement their retirement benefits at no cost to the District; and,

WHEREAS, the U.S. Conference of Mayors has established a master prototype deferred compensation program for cities and political subdivisions permitting its member cities and their employees to enjoy the advantages of this program.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors for Oceano Community Services District as follows:

The Board of Directors hereby adopts the U.S. Conference of Mayors Deferred Compensation Program and its attendant investment options and hereby establishes the Oceano Community Services District Deferred Compensation Plan for the volunteer participation of all eligible District employees, elected officials, and independent contractors.

The General Manager is hereby authorized to execute for the District individual participation agreements with each said employee requesting same and to act as the "Administrator" of the Plan representing the District, and to execute such agreements and contracts as are necessary to implement the Program. It is implicitly understood that, other than the incidental expenses of collecting and disbursing the employees' deferrals and other minor administrative matters, that there is to be no cost or contribution by the District to the Program.

Upon the motion of Director Baughman, seconded by Director Kasza, and on the following roll call vote, to wit:

AYES: Director Baughman, Director Kasza, Director Searcy,  
Director Twitchell, President Senna

NOES: None

ABSENT: None

ABSTAINING: None

the foregoing resolution is hereby passed and adopted this 10th day of February, 1993.

ATTEST:

Gina A. Davis  
GINA A. DAVIS, DEPUTY BOARD SECRETARY

William A. Senna  
WILLIAM A. SENNA, PRESIDENT

**OCEANO COMMUNITY SERVICES DISTRICT, CA**  
*(Name of Employer)*

**DEFERRED COMPENSATION PLAN FOR PUBLIC EMPLOYEES**  
**457 GOVERNMENTAL PLAN AND TRUST**

Document provided as a courtesy of:



**Nationwide<sup>®</sup>**  
**Retirement Solutions**

*On Your Side<sup>™</sup>*

## 457 GOVERNMENTAL PLAN AND TRUST

The Employer adopts this 457 Governmental Plan and Trust. The Plan is intended to be an “eligible deferred compensation plan” as defined in Code §457(b) of the Internal Revenue Code of 1986 (“Eligible 457 Plan”). The Plan consists of the provisions set forth in this plan document and is applicable to the Employer and each Employee who elects to participate in the Plan. If the Employer adopts this Plan as a restated Plan in substitution for, and in amendment of, an existing plan, the provisions of this Plan, as a restated Plan, apply solely to an Employee on or after the execution of this Plan. The Plan is effective as to each Employee upon the date he/she becomes a Participant by entering into and filing with the Employer or the Administrative Services Provider a Participation Agreement or an Acknowledgement Form/Card.

### ARTICLE I DEFINITIONS

1.01 **“Account”** means the separate Account(s) which the Administrative Services Provider or the Trustee maintains under the Plan for a Participant’s Deferred Compensation. The Administrative Services Provider or Trustee may establish separate Accounts for multiple Beneficiaries of a Participant to facilitate required minimum distributions under Section 4.03 based on each Beneficiary’s life expectancy.

1.02 **“Accounting Date”** means the last day of the Plan Year.

1.03 **“Acknowledgement Form/Card”** means the application to the Administrative Services Provider to participate in the Plan when the Plan is a Social Security replacement plan.

1.04 **“Administrative Services Provider”** means Nationwide Retirement Solutions, Inc. which acts as the third party administrative services provider appointed by the Employer to carry out nondiscretionary administrative functions for the Plan.

1.05 **“Beneficiary”** means a person who the Plan or a Participant designates and who is or may become entitled to a Participant’s Account upon the Participant’s death. A Beneficiary who becomes entitled to a benefit under the Plan remains a Beneficiary under the Plan until the Beneficiary has received full distribution of his/her Plan benefit. A Beneficiary’s right to (and the Administrative Services Provider’s or a Trustee’s duty to provide to the Beneficiary) information or data concerning the Plan does not arise until the Beneficiary first becomes entitled to receive a benefit under the Plan.

1.06 **“Code”** means the Internal Revenue Code of 1986, as amended.

1.07 **“Compensation”** for purposes of allocating Deferral Contributions means 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 amount would have been received and includible in gross income but for an election under Code §§ 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), and 457(b), including an election to defer Compensation under Article III. See Section 1.16 as to Compensation for an Independent Contractor. Compensation also includes any amount that the Internal Revenue Service in published guidance declares to constitute compensation for purposes of an Eligible 457 Plan.

**(A) Elective Contributions.** Compensation under Section 1.07 includes Elective Contributions. “Elective Contributions” are amounts excludible from the Employee’s gross income under Code §§125, 132(f)(4), 402(e)(3), 402(h)(1)(B), 403(b), 408(p) or 457, and contributed by the Employer, at the Employee’s election, to a cafeteria plan, a qualified transportation fringe benefit plan, a 401(k) arrangement, a SARSEP, a tax-sheltered annuity, a SIMPLE plan or a Code § 457 plan.

**(B) Differential wage payments.** For years beginning after December 31, 2008, (i) an individual receiving a differential wage payment, as defined by Code § 3401(h)(2), shall be treated as an employee of the employer making the payment; (ii) the differential wage payment shall be treated as compensation; and (iii) the plan will not be treated as failing to meet the requirements of any provision described in Code §414(u)(1)(C) by reason of any contribution or benefit which is based on the differential wage payment.

1.08 **“Deferral Contributions”** means Salary Reduction Contributions, Nonelective Contributions and Matching Contributions. The Employer or the Administrative Services Provider (if applicable) in applying the Code § 457(b) limit will take into account Deferral Contributions in the Taxable Year in which deferred. The Employer or Administrative Services Provider (if applicable) in determining the amount of a Participant’s Deferral Contributions disregards the net income, gain and loss attributable to Deferral Contributions.

1.09 **“Deferred Compensation”** means as to a Participant the amount of Deferral Contributions,

## 457 Governmental Plan and Trust

Rollover Contributions and Transfers adjusted for allocable net income, gain or loss, in the Participant's Account.

1.10 **"Effective Date"** of this Plan is the date indicated on the execution line unless the Code, Treasury regulations, or other applicable guidance provides otherwise.

1.11 **"Employee"** means an individual who provides services for the Employer, as a common law employee of the Employer. See Section 1.16 regarding potential treatment of an Independent Contractor as an Employee.

1.12 **"Employer"** means an employer who adopts this Plan by executing the Plan.

1.13 **"Employer Contribution"** means Nonelective Contributions or Matching Contributions.

1.14 **"Excess Deferrals"** means Deferral Contributions to an Eligible 457 Plan for a Participant that exceed the Taxable Year maximum limitation of Code §§457(b) and (e)(18).

1.15 **"Includible Compensation"** means, for the Employee's Taxable Year, the Employee's total Compensation within the meaning of Code § 415(c)(3) paid to an Employee for services rendered to the Employer. Includible Compensation includes Deferral Contributions under the Plan, compensation deferred under any other plan described in Code §457, and any amount excludible from the Employee's gross income under Code §§401(k), 403(b), 125 or 132(f)(4) or any other amount excludible from the Employee's gross income for Federal income tax purposes. The Employer will determine Includible Compensation without regard to community property laws.

1.16 **"Independent Contractor"** means any individual who performs service for the Employer and who the Employer does not treat as an Employee or a Leased Employee. The Employer may permit Independent Contractors to participate in the Plan. To the extent that the Employer permits Independent Contractor participation, references to Employee in the Plan include Independent Contractors and Compensation means the amounts the Employer pays to the Independent Contractor for services.

1.17 **"Leased Employee"** means an Employee within the meaning of Code § 414(n).

1.18 **"Matching Contribution"** means an Employer fixed or discretionary contribution made or forfeiture allocated on account of Salary Reduction Contributions. The Employer may provide for matching contributions.

1.19 **"Nonelective Contribution"** means an Employer fixed or discretionary contribution not made as a result of a Participation Agreement and which is not a Matching Contribution. The Employer may provide for nonelective contributions.

1.20 **"Normal Retirement Age"** means the age designated by the Participant unless the Employer designates in writing a Normal Retirement Age. The Normal Retirement Age designated by the Participant or Employer shall be no earlier than age 65 or the age at which Participants have the right to retire and receive, under the basic defined benefit pension plan of the Employer (or a money purchase plan in which the Participant also participates if the Participant is not eligible to participate in a defined benefit plan), immediate retirement benefits without actuarial or similar reduction because of retirement before some later specified age. The Normal Retirement Age also shall not exceed age 70½.

*Special Rule for Eligible Plans of Qualified Police or Firefighters.* A Participant who is a qualified police officer or firefighter as defined under Code §415(b)(2)(H)(ii)(I) may designate a Normal Retirement Age between age 40 and age 70 ½.

1.21 **"Participant"** is an Employee who elects to participate in the Plan in accordance with the provisions of Section 2.01 or an individual who has previously deferred Compensation under the Plan by a Participation Agreement and has not received a complete distribution of his/her Account .

1.22 **"Participation Agreement"** means the agreement to enroll and participate in the Plan that is completed by the Participant and provided to the Administrative Services Provider. The Participation Agreement is the agreement, by which the Employer reduces the Participant's Compensation for contribution to the Participant's Account.

1.23 **"Plan"** means the 457 plan established or continued by the Employer in the form of this Plan and (if applicable) Trust Agreement. All section references within the Plan are Plan section references unless the context clearly indicates otherwise.

1.24 **"Plan Entry Date"** means the date on which an Employee completes and files a Participation Agreement with the Administrative Services Provider.

1.25 **"Plan Year"** means the calendar year.

1.26 **"Rollover Contribution"** means the amount of cash or property which an eligible retirement plan described in Code §402(c)(8)(B) distributes to an eligible Employee or to a Participant in an eligible rollover distribution under Code §402(c)(4) and which the eligible Employee or Participant transfers directly or indirectly to an



Eligible 457 Plan. A Rollover Contribution includes net income, gain or loss attributable to the Rollover Contribution. A Rollover Contribution excludes after-tax Employee contributions, as adjusted for net income, gain or loss.

1.27 “**Salary Reduction Contribution**” means a contribution the Employer makes to the Plan pursuant to a Participation Agreement.

1.28 “**Service**” means any period of time the Employee is in the employ of the Employer. In the case of an Independent Contractor, Service means any period of time the Independent Contractor performs services for the Employer on an independent contractor basis. An Employee or Independent Contractor terminates Service upon incurring a Severance from Employment.

**(A) Qualified Military Service.** Service includes any qualified military service the Plan must credit for contributions and benefits in order to satisfy the crediting of Service requirements of Code §414(u). A Participant whose employment is interrupted by qualified military service under Code §414(u) or who is on a leave of absence for qualified military service under Code §414(u) may elect to make additional Salary Reduction Contributions upon resumption of employment with the Employer equal to the maximum Deferral Contributions that the Participant could have elected during that period if the Participant’s employment with the Employer had continued (at the same level of Compensation) without the interruption of leave, reduced by the Deferral Contributions, if any, actually made for the Participant during the period of the interruption or leave. This right applies for five years following the resumption of employment (or, if sooner, for a period equal to three times the period of the interruption or leave). The Employer shall make appropriate make-up Nonelective Contributions and Matching Contributions for such a Participant as required under Code §414(u). The Plan shall apply limitations of Article III to all Deferral Contributions under this paragraph with respect to the year to which the Deferral Contribution relates.

**(B) “Continuous Service”** means Service with the Employer during which the Employee does not incur a Severance from Employment.

**(C) “Severance from Employment.”**

(1) **Employee.** An Employee has a Severance from Employment when the Employee ceases to be an Employee of the Employer. A Participant does not incur a Severance from Employment if, in connection with a change in employment, the Participant’s new employer continues or assumes sponsorship of the Plan or accepts a Transfer of Plan assets as to the Participant.

(2) **Independent Contractor.** An Independent Contractor has a Severance from Employment when the contract(s) under which the Independent Contractor performs services for the Employer expires (or otherwise terminates), unless the Employer anticipates a renewal of the contractual relationship or the Independent Contractor becoming an Employee. The Employer anticipates renewal if it intends to contract for the services provided under the expired contract and neither the Employer nor the Independent Contractor has eliminated the Independent Contractor as a potential provider of such services under the new contract. Further, the Employer intends to contract for services conditioned only upon the Employer’s need for the services provided under the expired contract or the Employer’s availability of funds. Notwithstanding the preceding provisions of this Section 1.28, the Administrative Services Provider will consider an Independent Contractor to have incurred a Severance from Employment: (a) if the Administrative Services Provider or Trustee will not pay any Deferred Compensation to an Independent Contractor who is a Participant before a date which is at least twelve months after the expiration of the Independent Contractor’s contract (or the last to expire of such contracts) to render Services to the Employer; and (b) if before the applicable twelve-month payment date, the Independent Contractor performs Service as an Independent Contractor or as an Employee, the Administrative Services Provider or Trustee will not pay to the Independent Contractor his/her Deferred Compensation on the applicable date.

(3) **Uniformed Services.** for purposes of distributions to an individual in the uniformed services, such individual will be treated as incurring a Severance from Employment during any period the individual is performing service in the uniformed services described in Code § 3401(h)(2)(A). However, the plan will not distribute the benefit to such an individual without that individual’s consent, so long as the individual is receiving differential wage payments.

If an individual elects to receive a distribution under this provision, the individual may not make an elective deferral or employee contribution during the 6-month period beginning on the date of the distribution.

1.29 “**State**” means (a) one of the 50 states of the United States or the District of Columbia, or (b) a political subdivision of a State, or any agency or instrumentality of a State or its political subdivision. A State does not include the federal government or any agency or instrumentality thereof.

1.30 “**Taxable Year**” means the calendar year or other taxable year of a Participant.

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1.31 **“Transfer”** means a transfer of Eligible 457 Plan assets to another Eligible 457 Plan which is not a Rollover Contribution and which is made in accordance with Section 9.03.

1.32 **“Trust”** means the Trust created under the adopting Employer’s Plan. The Trust created and established under the adopting Employer’s Plan is a separate Trust, independent of the trust of any other Employer adopting this Eligible 457 Plan and is subject to Article VIII.

1.33 **“Trustee”** means the person or persons designated by the Employer to serve in the position of Trustee.

### ARTICLE II PARTICIPATION IN PLAN

2.01 ELIGIBILITY. Each Employee becomes a Participant in the Plan as soon as he/she completes and files a Participation Agreement. If this Plan is a restated Plan, each Employee who was a Participant in the Plan on the day before the Effective Date continues as a Participant in the Plan.

2.02 PARTICIPATION UPON RE-EMPLOYMENT. A Participant who incurs a Severance from Employment will re-enter the Plan as a Participant on the date of his/her re-employment.

2.03 SPECIAL ELIGIBILITY PROVISIONS FOR PARTICIPANTS IN A PLAN USED AS A SOCIAL SECURITY REPLACEMENT PLAN. Notwithstanding any provision to the contrary, the provisions of this Section 2.03 will apply if the Employer elects in a written agreement with the Administrative Services Provider to use the Plan as a Social Security replacement plan. If the Plan is used as a Social Security replacement plan, the provisions of Sections 4.05(a) and 5.03 will not apply.

**(A) Eligibility to participate for new Employees.** A new Employee shall, as a condition of employment participate in the Plan sign and file with the Administrative Services Provider an Acknowledgement Form/Card and thereby consenting to a reduction of salary by the amount of the Deferral Contribution specified in the Acknowledgement Form/Card. Contributions to the Participant’s Account must equal at least 7.5% of the Participant’s Compensation, or such other minimum amount as shall be required for the Plan to be considered a retirement system under Code §3121(b)(7)(F) and Treas. Reg. 31.3121(b)(7)-2, and the reduction in the Participant’s salary shall begin immediately thereafter.

**(B) Eligibility to participate for current Employees.** An Employee who is newly eligible to participate in the Plan shall, prior to becoming eligible to participate in the Plan, sign and file with

the Administrative Services Provider an Acknowledgement Form/Card and thereby consent to a reduction of salary by the amount of the Deferral Contribution specified in the Acknowledgement Form/Card. Allocations to the Participant’s Account must equal at least 7.5% of the Participant’s Compensation or such other minimum amount as shall be required for the Plan to be considered a retirement system under Code §3121(b)(7)(F) and Treas. Reg. §31.3121(b)(7)-2, and the reduction in the Participant’s salary shall begin no earlier than the first pay period commencing during the first month after the date on which the Acknowledgement Form/Card is filed with the Administrative Services Provider.

**(C) Takeover Plans.** If the Plan is a restated Plan, an Employee who participated in the predecessor plan shall become a Participant in the Plan upon the Employer’s execution of the enabling documents for this Plan. Allocations to each such Participant’s Account must equal at least 7.5% of the Participant’s Compensation, or such other minimum amount as shall be required for the Plan to be considered a retirement system under Code §3121(b)(7)(F) and Treas. Reg. §31.3121(b)(7)-2, and the reduction in the Participant’s salary shall begin immediately thereafter.

### ARTICLE III DEFERRAL CONTRIBUTIONS/LIMITATIONS

#### 3.01 AMOUNT.

**(A) Contribution Formula.** For each Plan Year, the Employer will contribute to the Plan the amount of Deferral Contributions the Employee elects to defer under the Plan.

**(B) Return of Contributions.** The Employer contributes to this Plan on the condition its contribution is not due to a mistake of fact. If any Participant Salary Reduction Contribution is due to a mistake of fact, the Employer or the Trustee upon written request from the Employer will return the Participant’s contribution, within one year after payment of the contribution.

The Trustee may require the Employer to furnish it whatever evidence the Trustee deems necessary to enable the Trustee to confirm the amount the Employer has requested be returned is properly returnable.

**(C) Time of Payment of Contribution.** An Employer will deposit Salary Reduction Contributions to the Trust within a period that is not longer than is reasonable for the administration of Participant Accounts. Neither the Administrative Services Provider nor the Trustee is responsible for the delay of deposits of Salary Reduction Contributions caused by the Employer.

**3.02 SALARY REDUCTION CONTRIBUTIONS.** The Plan does not apply any limitations on Salary Reduction Contributions other than the limitations applicable under the Code.

**(A) Deferral from Sick, Vacation and Back Pay.** Participants may make Salary Reduction Contributions from accumulated sick pay, from accumulated vacation pay or from back pay.

**(B) Application to Leave of Absence and Disability.** The Participation Agreement will continue to apply during the Participant's leave of absence or the Participant's disability (as the Employer shall establish), if the Participant has Compensation other than imputed compensation or disability benefits.

**(C) Post-severance deferrals limited to Post-Severance Compensation.** Deferral Contributions are permitted from an amount received following Severance from Employment only if the amount is Post-Severance Compensation.

**Post-Severance Compensation defined.** Post-Severance Compensation includes the amounts described in (1) and (2) below, paid after a Participant's Severance from Employment with the Employer, but only to the extent such amounts are paid by the later of 2½ months after Severance from Employment or the end of the calendar year that includes the date of such Severance from Employment.

**(1) Regular pay.** Post-Severance Compensation *includes* regular pay after Severance of Employment if: (i) the payment is regular compensation for services during the Participant's regular working hours, or compensation for services outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments; and (ii) the payment would have been paid to the Participant prior to a Severance from Employment if the Participant had continued in employment with the Employer.

**(2) Leave cashouts.** Post-Severance Compensation *includes* leave cashouts if those amounts would have been included in the definition of Compensation if they were paid prior to the Participant's Severance from Employment, and the amounts are payment for unused accrued bona fide sick, vacation, or other leave, but only if the Participant would have been able to use the leave if employment had continued.

**(3) Salary continuation payments for military service Participants.** Post-Severance Compensation includes payments to an individual who does not currently perform services for the Employer by

reason of Qualified Military Service (as described in Code §414(u)(1)) to the extent those 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.

**Limitation on Post-Severance Compensation.** Any payment of Compensation paid after Severance of Employment that is not described in Section 3.02(C)(1) or 3.02(C)(2) is not Post-Severance Compensation, even if payment is made by the later of 2½ months after Severance from Employment or by the end of the calendar year that includes the date of such Severance of Employment.

**3.03 NORMAL LIMITATION.** Except as provided in Sections 3.04 and 3.05, a Participant's maximum Deferral Contributions (excluding Rollover Contributions and Transfers) under this Plan for a Taxable Year may not exceed the lesser of:

(a) The applicable dollar amount as specified under Code §457(e)(15) (or, beginning January 1, 2006) such larger amount as the Commissioner of the Internal Revenue may prescribe), or

(b) 100% of the Participant's Includible Compensation for the Taxable Year.

**3.04 NORMAL RETIREMENT AGE CATCH-UP CONTRIBUTION.** For one or more of the Participant's last three Taxable Years ending before the Taxable Year in which the Participant attains Normal Retirement Age, the Participant's maximum Deferral Contributions may not exceed the lesser of:

(a) Twice the dollar amount under Section 3.03 normal limitation, or (b) the underutilized limitation.

**(A) Underutilized Limitation.** A Participant's underutilized limitation is equal to the sum of: (i) the normal limitation for the Taxable Year, and (ii) the normal limitation for each of the prior Taxable Years of the Participant commencing after 1978 during which the Participant was eligible to participate in the Plan and the Participant's Deferral Contributions were subject to the normal limitation or any other Code § 457(b) limit, *less* the amount of Deferral Contributions for each such prior Taxable Year, excluding age 50 catch-up contributions.

**(B) Multiple 457 Plans.** If the Employer maintains more than one Eligible 457 Plan, the Plans may not permit any Participant to have more than one Normal Retirement Age under the Plans.

**(C) Pre-2002 Coordination.** In determining a Participant's underutilized limitation, the

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coordination rule in effect under now repealed Code §457(c)(2) applies. Additionally, the normal limitation for pre-2002 Taxable Years is applied in accordance with Code § 457(b)(2) as then in effect.

3.05 AGE 50 CATCH-UP CONTRIBUTION. All Employees who are eligible to make Salary Reduction Contributions under this Plan and who have attained age 50 before the close of the Taxable Year are eligible to make age 50 catch-up contributions for that Taxable Year in accordance with, and subject to the limitations of, Code § 414(v). Such catch-up contributions are not taken into account for purposes of the provisions of the plan implementing the required limitations of Code § 457. If, for a Taxable Year, an Employee makes a catch-up contribution under Section 3.04, the Employee is not eligible to make age 50 catch-up contributions under this Section 3.05. A catch-up eligible Participant in each Taxable Year is entitled to the greater of the amount determined under Section 3.04 or Section 3.05 catch-up amount plus the Section 3.03 normal limitation.

3.06 CONTRIBUTION ALLOCATION. The Administrative Services Provider will allocate to each Participant's Account his/her Deferral Contributions.

3.07 ALLOCATION CONDITIONS. The Plan does not impose any allocation conditions.

3.08 ROLLOVER CONTRIBUTIONS. The Plan permits Rollover Contributions.

**(A) Operational Administration.** The Employer, operationally and on a nondiscriminatory basis, may elect to permit or not to permit Rollover Contributions to this Plan or may elect to limit an eligible Employee's right or a Participant's right to make a Rollover Contribution. If the Employer permits Rollover Contributions, any Participant (or as applicable, any eligible Employee), with the Employer's written consent and after filing with the Trustee the form prescribed by the Administrative Services Provider, may make a Rollover Contribution to the Trust. Before accepting a Rollover Contribution, the Trustee may require a Participant (or eligible Employee) to furnish satisfactory evidence the proposed transfer is in fact a "Rollover Contribution" which the Code permits an employee to make to an eligible retirement plan. The Trustee, in its sole discretion, may decline to accept a Rollover Contribution of property which could: (1) generate unrelated business taxable income; (2) create difficulty or undue expense in storage, safekeeping or valuation; or (3) create other practical problems for the Trust.

**(B) Pre-Participation Rollover.** If an eligible Employee makes a Rollover Contribution to the Trust prior to satisfying the Plan's eligibility conditions,

the Administrative Services Provider and Trustee must treat the Employee as a limited Participant (as described in Rev. Rul. 96-48 or in any successor ruling). If a limited Participant has a Severance from Employment prior to becoming a Participant in the Plan, the Trustee will distribute his/her Rollover Contributions Account to the limited Participant in accordance with Article IV.

**(C) Separate Accounting.** If an Employer permits Rollover Contributions, the Administrative Services Provider must account separately for: (1) amounts rolled into this Plan from an eligible retirement plan (other than from another Eligible 457 plan); and (2) amounts rolled into this Plan from another Eligible 457 Plan. The Administrative Services Provider for purposes of ordering any subsequent distribution from this Plan may designate a distribution from a Participant's Rollover Contributions as coming first from either of (1) or (2) above if the Participant has both types of Rollover Contribution Accounts.

3.09 DISTRIBUTION OF EXCESS DEFERRALS. In the event that a Participant has Excess Deferrals, the Plan will distribute to the Participant the Excess Deferrals and allocable net income, gain or loss, in accordance with this Section 3.09.

The Administrative Services Provider will distribute Excess Deferrals from an Eligible 457 Plan as soon as is reasonably practicable following the Administrative Services Provider's or Employer's determination of the amount of the Excess Deferral.

**(A) Plan Aggregation.** If the Employer maintains more than one Eligible 457 Plan, the Employer must aggregate all such Plans in determining whether any Participant has Excess Deferrals.

**(B) Individual Limitation.** If a Participant participates in another Eligible 457 Plan maintained by a different employer, and the Participant has Excess Deferrals, the Administrative Services Provider may, but is not required, to correct the Excess Deferrals by making a corrective distribution from this Plan.

3.10 DOLLAR LIMITS. The table below shows the applicable dollar amounts described in paragraph 3.03(a) and limitations on age 50 catch-up contributions described in Section 3.05. These amounts are adjusted after 2006 for changes in the cost-of-living to the extent permitted in Code § 415(d).

Year	Applicable Dollar Amount	Age 50+ Catch-up Contribution Limitation
2002	\$11,000	\$1,000
2003	\$12,000	\$2,000
2004	\$13,000	\$3,000
2005	\$14,000	\$4,000
2006	\$15,000	\$5,000

#### ARTICLE IV TIME AND METHOD OF PAYMENT OF BENEFITS

##### 4.01 DISTRIBUTION

**RESTRICTIONS.** Except as the Plan provides otherwise, the Administrative Services Provider or Trustee may not distribute to a Participant his/her Account prior to the Participant's Severance from Employment, the calendar year in which the Participant attains age 70½, or such other event for which federal legislation is enacted or regulatory relief granted permitting the Plan to make distributions to qualifying Participants.

**(A) Distribution of Rollover Contributions.** To the extent the Employer permits Rollover Contributions (but not Transfers) to this Plan, a Participant may receive a distribution of such Rollover Contributions without regard to the restrictions found in this Section 4.01.

**4.02 TIME AND METHOD OF PAYMENT OF ACCOUNT.** The Administrative Services Provider, or Trustee at the direction of the Administrative Services Provider, will distribute to a Participant who has incurred a Severance from Employment the Participant's Account under one or any combination of payment methods elected by the Participant. The Participant may elect one of the following methods of payment: (1) lump sum payment, (2) partial lump sum payment, (3) installment, or (4) an annuity. In no event will the Administrative Services Provider direct (or direct the Trustee to commence) distribution, nor will the Participant elect to have distribution commence, later than the Participant's required beginning date, or under a method that does not satisfy Section 4.03.

Subject to any restrictions imposed by the Participant's investment providers and the Administrative Services Provider, the Participant: (1) may elect to commence distribution no earlier than is administratively practical following Severance from Employment; (2) may elect to postpone distribution of his/her Account to any fixed or determinable date including, but not beyond, the Participant's required beginning date; and (3) may elect the method of payment. A Participant may elect the timing and method of payment of his/her Account no later than

30 days before the date the Participant first would be eligible to commence payment of the Participant's Account. The Administrative Services Provider must furnish to the Participant a form for the Participant to elect the time and a method of payment.

**4.03 REQUIRED MINIMUM DISTRIBUTIONS.** The Administrative Services Provider may not distribute nor direct the Trustee to distribute the Participant's Account, nor may the Participant elect any distribution his/her Account, under a method of payment which, as of the required beginning date, does not satisfy the minimum distribution requirements of Code § 401(a)(9) or which is not consistent with applicable Treasury regulations.

##### **(A) General Rules.**

(1) **Precedence.** The requirements of this Section 4.03 will take precedence over any inconsistent provisions of the Plan.

(2) **Requirements of Treasury Regulations Incorporated.** All distributions required under this Section 4.03 will be determined and made in accordance with the Treasury regulations under Code § 401(a)(9).

##### **(B) Time and Manner of Distribution**

(1) **Required Beginning Date.** The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's required beginning date.

(2) **Death of Participant Before Distribution Begins.** If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(a) **Spouse Designated Beneficiary.** If the Participant's surviving spouse is the Participant's sole designated Beneficiary, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant dies, or by December 31 of the calendar year in which the Participant would have attained age 70½, if later.

(b) **Non-Spouse Designated Beneficiary.** 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.

(c) **No Designated Beneficiary.** If there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by

December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(d) Death of Spouse. 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 Section 4.03(B)(2) other than Section 4.03(B)(2)(a), will apply as if the surviving spouse were the Participant.

For purposes of this Section 4.03(B) and Section 4.03(D), unless Section 4.03(B)(2)(d) applies, distributions are considered to begin on the Participant's required beginning date. If Section 4.03(B)(2)(d) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under Section 4.03(B)(2)(a). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's required beginning date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under Section 4.03(B)(2)(a), the date distributions are considered to begin is the date distributions actually commence.

(3) **Forms of Distribution**. Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with Sections 4.03(C) and 4.03(D). If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Section 4.01(a)(9) of the Code and the Treasury regulations.

**(C) Required Minimum Distributions during Participant's Lifetime.**

(1) **Amount of Required Minimum Distribution for Each Distribution Calendar Year**. During the Participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:

(a) ULT. The quotient obtained by dividing the Participant's account balance by the number in the Uniform Life Table set forth in Treas. Reg. §1.401(a)(9)-9, using the Participant's attained age as of the Participant's birthday in the distribution calendar year; or

(b) Younger Spouse. If the Participant's sole designated Beneficiary for the distribution calendar year is the Participant's spouse, the quotient obtained by dividing the Participant's account balance by the number in the Joint and Last Survivor Table set forth in Treas. Reg. §1.401(a)(9)-9, using the Participant's and spouse's attained ages as of the

Participant's and spouse's birthdays in the distribution calendar year.

(2) **Lifetime Required Minimum Distributions Continue Through Year of Participant's Death**. Required minimum distributions will be determined under this Section 4.03(C) beginning with the first distribution calendar year and up to and including the distribution calendar year that includes the Participant's date of death.

**(D) Required Minimum Distributions after Participant's Death.**

(1) **Death On or After Distributions Begin.**

(a) Participant Survived by Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for the distribution calendar year of the Participant's death is obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant. The Participant's remaining life expectancy is calculated using the attained age of the Participant as of the Participant's birthday in the calendar year of death. For each distribution calendar year after the year of the Participant's death, the minimum amount that will be distributed is the quotient obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant's designated Beneficiary.

(b) No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no designated Beneficiary as of September 30 of the calendar year after the calendar year of the Participant's death, the minimum amount that will be distributed for each distribution calendar year after the calendar 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 attained age of the Participant as of the Participant's birthday in the calendar year of death, reduced by one for each subsequent calendar year.

(2) **Death before Date Distributions Begin.**

(a) Participant Survived by Designated Beneficiary. If the Participant dies before 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 remaining life expectancy of the Participant's designated Beneficiary, determined as provided in Section 4.03(D)(1).

(b) No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(c) Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin. If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole designated Beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under Section 4.03(B)(2)(a), this Section 4.03(D)(2) will apply as if the surviving spouse were the Participant.

#### (E) Definitions

(1) **Designated Beneficiary.** The individual who is designated as the Beneficiary under the Plan and is the designated beneficiary under Code §401(a)(9) and Treas. Reg. §1.401(a)(9)-1, Q&A-4.

(2) **Distribution calendar year.** A distribution calendar year means a calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant's required beginning date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which the distributions are required to begin under Section 4.03(B)(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) **Life expectancy.** Life expectancy as computed by use of the Single Life Table in Treas. Reg. §1.401(a)(9)-9.

(4) **Participant's account balance.** The account balance as of the last valuation date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the account balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The account balance for the valuation calendar year includes any Rollover Contributions or Transfers to

the Plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.

(5) **Required beginning date.** A Participant's required beginning date is the April 1 of the calendar year following the later of: (1) the calendar year in which the Participant attains age 70½, or (2) the calendar year in which the Participant retires or such other date under Code § 401(a)(9) by which required minimum distributions must commence.

(F) **General 2009 waiver.** The requirements of Code § 401(a)(9) and the provisions of the Plan relating thereto, will not apply for the distribution calendar year 2009.

(1) **Special rule regarding waiver period.** For purposes of Code § 401(a)(9) and the provisions of the Plan relating thereto: (a) the required beginning date with respect to any individual will be determined without regard to this Article IV for purposes of applying Code § 401(a)(9) for distribution calendar years other than 2009; and (b) if the 5-year rule of Code § 401(a)(9)(B)(ii) applies, the 5-year period described therein shall be determined without regard to calendar year 2009.

(2) **Eligible rollover distributions.** If all or any portion of a distribution during 2009 is treated as an eligible rollover distribution but would not be so treated if the minimum distribution requirements under Code § 401(a)(9) had applied during 2009, then the Plan will not treat such distribution as an eligible rollover distribution for purposes of the direct rollover rules of Code § 401(a)(31), the notice requirements of Code §402(f), or the 20% withholding requirement of Code §3405(c).

(3) **Participant may elect.** The Plan will permit an affected Participant to elect whether to receive his/her RMD distribution for 2009. If the Participant fails to notify the Administrative Services Provider of his/her waiver, the Plan will distribute the 2009 RMD to the Participant.

4.04 DEATH BENEFITS. Upon the death of the Participant, the Administrative Services Provider must pay or direct the Trustee to pay the Participant's Account in accordance with Section 4.03. Subject to Section 4.03, a Beneficiary may elect the timing and method of payment in the same manner as a Participant may elect under Section 4.02, if such elections apply.

In the case of a death occurring on or after January 1, 2007, if a participant dies while performing qualified military service (as defined in Code § 414(u)), the survivors of the Participant are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan as if the participant

had resumed and then terminated employment on account of death.

**4.05 DISTRIBUTIONS PRIOR TO SEVERANCE FROM EMPLOYMENT.** Notwithstanding the Section 4.01 distribution restrictions, the Plan permits the following in-service distributions in accordance with this Section.

**(A) Unforeseeable Emergency.** In the event of a Participant's unforeseeable emergency, the Administrative Services Provider may make a distribution to a Participant who has not incurred a Severance from Employment.

An unforeseeable emergency is a severe financial hardship of a Participant or Beneficiary resulting from: (1) illness or accident of the Participant, the Participant's Beneficiary, or the Participant's spouse or dependent (as defined in Code § 152, and, for taxable years beginning on or after January 1, 2005, without regard to Code § 152(b)(1), (b)(2), and (d)(1)(B)); (2) loss of the Participant's or Beneficiary's property due to casualty; (3) the need to pay for the funeral expenses of the Participant's spouse or dependent (as defined in Code § 152, and, for taxable years beginning on or after January 1, 2005, without regard to Code § 152(b)(1), (b)(2), and (d)(1)(B)); or (4) other similar extraordinary and unforeseeable circumstances arising from events beyond the Participant's or Beneficiary's control. The Administrative Services Provider will not pay the Participant or the Beneficiary more than the amount reasonably necessary to satisfy the emergency need, which may include amounts necessary to pay taxes or penalties on the distribution. The Administrative Services Provider will not make payment to the extent the Participant or Beneficiary may relieve the financial hardship by cessation of deferrals under the Plan, through insurance or other reimbursement, or by liquidation of the individual's assets to the extent such liquidation would not cause severe financial hardship.

The Participant's Beneficiary is a person who a Participant designates as a "primary beneficiary" and who is or may become entitled to a Participant's Plan account upon the Participant's death.

A Participant's unforeseeable emergency event includes a severe financial hardship of the participant's primary Beneficiary under the Plan, that would constitute an emergency event if it occurred with respect to the participant's spouse or dependent as defined under Code § 152.

**(B) De minimis distribution.** A Participant may elect to receive a distribution of his/her Account where: (1) the Participant's Account (disregarding Rollover Contributions) does not exceed \$5,000 (or such other amount as does not exceed the Code § 411(a)(11)(A) dollar amount); (2) the Participant has

not made or received an allocation of any Deferral Contributions under the Plan during the two-year period ending on the date of distribution; and (3) the Participant has not received a prior distribution under this Section 4.05(B).

**(C) Distribution of Rollover Contributions.** A Participant may request and receive distribution of his/her Account attributable to Rollover Contributions (but not to Transfers) before the Participant has a distributable event under Section 4.01.

**4.06 DISTRIBUTIONS UNDER QUALIFIED DOMESTIC RELATIONS ORDERS (QDROs).** Notwithstanding any other provision of this Plan, the QDRO provisions will apply. The Administrative Services Provider (and any Trustee) must comply with the terms of a QDRO, as defined in Code § 414(p), which is issued with respect to the Plan.

**(A) Time and Method of Payment.** This Plan specifically permits distribution to an alternate payee under a QDRO at any time, notwithstanding any contrary Plan provision and irrespective of whether the Participant has attained his/her earliest retirement age (as defined under Code § 414(p)) under the Plan. Nothing in this Section 4.06 gives a Participant a right to receive distribution at a time the Plan otherwise does not permit nor authorizes the alternate payee to receive a form of payment the Plan does not permit.

**(B) QDRO Procedures.** Upon receiving a domestic relations order, the Administrative Services Provider promptly will notify the Participant and any alternate payee named in the order, in writing, of the receipt of the order and the Plan's procedures for determining the qualified status of the order. Within a reasonable period of time after receiving the domestic relations order, the Administrative Services Provider must determine the qualified status of the order and must notify the Participant and each alternate payee, in writing, of the Administrative Services Provider's determination. The Administrative Services Provider must provide notice under this paragraph by mailing to the individual's address specified in the domestic relations order.

**(C) Accounting.** If any portion of the Participant's Account Balance is payable under the domestic relations order during the period the Administrative Services Provider is making its determination of the qualified status of the domestic relations order, the Administrative Services Provider may maintain a separate accounting of the amounts payable. If the Administrative Services Provider determines the order is a QDRO within 18 months of the date amounts first are payable following receipt of the domestic relations order, the Administrative Services Provider will distribute or will direct the Trustee to distribute the payable amounts in accordance with the



QDRO. If the Administrative Services Provider does not make its determination of the qualified status of the order within the 18-month determination period, the Administrative Services Provider will distribute or will direct the Trustee to distribute the payable amounts in the manner the Plan would distribute if the order did not exist and will apply the order prospectively if the Administrative Services Provider later determines the order is a QDRO.

To the extent it is not inconsistent with the provisions of the QDRO, the Administrative Services Provider may segregate or may direct the Trustee to segregate the QDRO amount in a segregated investment account. The Administrative Services Provider or Trustee will make any payments or distributions required under this Section 4.06 by separate benefit checks or other separate distribution to the alternate payee(s).

**(D) Permissible QDROs.** A domestic relations order that otherwise satisfies the requirements for a qualified domestic relations order (“QDRO”) will not fail to be a QDRO: (i) solely because the order is issued after, or revises, another domestic relations order or QDRO; or (ii) solely because of the time at which the order is issued, including issuance after the annuity starting date or after the participant’s death.

#### 4.07 DIRECT ROLLOVER OF ELIGIBLE ROLLOVER DISTRIBUTIONS – GOVERNMENTAL PLAN.

**(A) Participant Election.** A Participant (including for this purpose, a former Employee) may elect, at the time and in the manner the Administrative Services Provider prescribes, to have any portion of his/her eligible rollover distribution from the Plan paid directly to an eligible retirement plan specified by the Participant in a direct rollover election. For purposes of this election, a “Participant” includes as to their respective interests, a Participant’s surviving spouse and the Participant’s spouse or former spouse who is an alternate payee under a QDRO.

**(B) Rollover and Withholding Notice.** At least 30 days and not more than 180 days prior to the Trustee’s distribution of an eligible rollover distribution, the Administrative Services Provider must provide a written notice (including a summary notice as permitted under applicable Treasury regulations) explaining to the distributee the rollover option, the applicability of mandatory 20% federal withholding to any amount not directly rolled over, and the recipient’s right to roll over within 60 days after the date of receipt of the distribution (“rollover notice”).

**(C) Non-spouse Beneficiary rollover right.** A non-spouse Beneficiary who is a “designated beneficiary” under Code § 401(a)(9)(E) and the regulations thereunder, by a direct trustee-to-trustee transfer

(“direct rollover”), may roll over all or any portion of his/her distribution to an individual retirement account the Beneficiary establishes for purposes of receiving the distribution. In order to be able to roll over the distribution, the distribution otherwise must satisfy the definition of an eligible rollover distribution.

**(1) Certain requirements not applicable.** Although a non-spouse Beneficiary may roll over directly a distribution, commencing with distributions after December 31, 2009, the distribution will be subject to the direct rollover requirements of Code § 401(a)(31) (including the automatic rollover provisions of Code § 401(a)(31)(B)), the notice requirements of Code § 402(f) and the mandatory withholding requirements of Code § 3405(c). If a non-spouse Beneficiary receives a distribution from the Plan, the distribution is not eligible for a “60-day” rollover.

**(2) Trust Beneficiary.** If the participant’s named Beneficiary is a trust, the Plan may make a direct rollover to an individual retirement account on behalf of the trust, provided the trust satisfies the requirements to be a designated beneficiary within the meaning of Code § 401(a)(9)(E).

**(3) Required minimum distributions not eligible for rollover.** A non-spouse Beneficiary may not roll over an amount which is a required minimum distribution, as determined under applicable Treasury regulations and other Revenue Service guidance. If the participant dies before his/her required beginning date and the non-spouse Beneficiary rolls over to an IRA the maximum amount eligible for rollover, the Beneficiary may elect to use either the 5-year rule or the life expectancy rule, pursuant to Treas. Reg. § 1.401(a)(9)-3, A-4(c), in determining the required minimum distributions from the IRA that receives the non-spouse Beneficiary’s distribution.

**(D) Definitions.** The following definitions apply to this Section:

**(1) Eligible rollover distribution.** An eligible rollover distribution is any distribution of all or any portion of a Participant’s Account, except an eligible rollover distribution does not include: (a) any distribution which is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Participant or the joint lives (or joint life expectancies) of the Participant and the Participant’s designated Beneficiary, or for a specified period of ten years or more; (b) any Code § 401(a)(9) required minimum distribution; (c) any unforeseeable emergency distribution; and (d) any distribution which otherwise would be an eligible rollover distribution, but where the total distributions to the Participant during that calendar year are reasonably expected to be less than \$200.

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(2) **Eligible retirement plan.** An eligible retirement plan is an individual retirement account described in Code § 408(a), an individual retirement annuity described in Code § 408(b), an annuity plan described in Code § 403(a), a qualified plan described in Code § 401(a), an annuity contract (or custodial agreement) described in Code § 403(b), or an eligible deferred compensation plan described in Code § 457(b) and maintained by an Employer described in Code § 457(e)(1)(A), which accepts the Participant's, the Participant's spouse or alternate payee's eligible rollover distribution. For distributions made after December 31, 2007, a Participant or Beneficiary may elect to roll over directly an eligible rollover distribution to a Roth IRA described in Code § 408A(b).

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

(4) **Mandatory distribution.** The Administrative Services Provider is directed to make a mandatory distribution, which is an eligible rollover distribution, without the Participant's consent provided that the Participant's Account is less than \$1,000. A distribution to a Beneficiary is not a mandatory distribution.

(5) **401(a)(31)(B) Effective Date.** The § 401(a)(31)(B) Effective Date is the date of the close of the first regular legislative session of the legislative body with the authority to amend the Plan that begins on or after January 1, 2006.

4.08 **ELECTION TO DEDUCT FROM DISTRIBUTION.** For distributions in taxable years beginning after December 31, 2006, an Eligible Retired Public Safety Officer may elect annually for that taxable year to have the Plan deduct an amount from a distribution which the Eligible Retired Public Safety Officer otherwise would receive and include in income. The plan will pay such deducted amounts directly to the provider as described in Section 4.08(A).

(A) **Direct payment.** The Plan will pay directly to the provider of the accident or health insurance plan or qualified long-term care insurance contract the amounts the Eligible Retired Public Safety Officer has elected to have deducted from the distribution. Such amounts may not exceed the lesser of \$3,000 or the amount the Participant paid for such taxable year for qualified healthcare premiums, and which otherwise complies with Code § 402(l).

### (B) Definitions.

(1) **Eligible retired public safety officer.** An "Eligible Retired Public Safety Officer" is an individual who, by reason of disability or attainment

of normal retirement age, has experienced a Severance from Employment as a Public Safety Officer with the Employer.

(2) **Public safety officer.** A "Public Safety Officer" has the same meaning as in § 1204(9)(A) of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. § 3796b(9)(A)).

(3) **Qualified health insurance premiums.** The term "qualified health insurance premiums" means premiums for coverage for the Eligible Retired Public Safety Officer, his/her spouse, and dependents, by an accident or health plan or qualified long-term care insurance contract (as defined in Code § 7702B(b)).

## ARTICLE V ADMINISTRATIVE SERVICES PROVIDER - DUTIES

5.01 **TERM / VACANCY.** The Administrative Services Provider will serve until his/her successor is appointed. In case the Employer has not appointed a successor Administrative Services Provider, the Employer will exercise any and all duties of the Administrative Services Provider pending the filling of the vacancy.

5.02 **DUTIES.** The Administrative Services Provider will have the following duties:

- (a) To create administrative forms necessary for the proper and efficient administration of the Plan provided the forms are not inconsistent with the terms of the Plan;
- (b) To enforce the terms of the Plan and its procedures, including this document and such other documents related to the Plan's operation;
- (c) To make, at the direction of the Participant or Beneficiary or pursuant to Section 4.07(D)(4), distributions of an Account;
- (d) To review in accordance with the Plan's procedures respecting a claim for (or denial of a claim for) a benefit under the Plan;
- (e) To furnish the Employer with information which the Employer may require for tax or other purposes;
- (f) To make distributions on account of unforeseeable emergency in accordance with the Plan's procedures;
- (g) To accept Deferral Contributions, Employer Contributions, and Rollover Contributions;

- (h) To accept Transfers;
- (i) To accept Participant or, in the case of a deceased Participant, Beneficiary direction of investment;
- (j) To comply with any reporting and disclosure rules applicable to the Plan;
- (k) To make loans to Participants if elected by the Employer;
- (l) To appoint agents to act for and in performing its third party administrative services to the Plan; and
- (m) To undertake any other action the Administrative Services Provider deems reasonable or necessary to provide third party administrative services to the Plan.

**5.03 LOANS TO PARTICIPANTS.** The Employer may elect to permit the Administrative Services Provider and/or Trustee to make Plan loans to Participants by executing a participant loan program document with the Administrative Services Provider. Any loan by the Plan to a Participant shall be made in compliance with Code § 72(p). If Plan loans are permitted, the Administrative Services Provider, with the approval and direction of the Employer, may establish, amend or terminate from time to time, nondiscriminatory administrative procedures for administering loans. Such loan procedures must be a written document and must include: (1) the procedure for applying for a loan; (2) the criteria for approving or denying a loan; (3) the limitations, if any, on the types and amounts of loans available; and (4) the events constituting default and the steps the Plan will take to preserve Plan assets in the event of default. Any administrative procedures adopted under this Section 5.03 shall be construed as part of the Plan.

**5.04 INDIVIDUAL ACCOUNTS / RECORDS.** The Administrative Services Provider will maintain a separate Account in the name of each Participant to reflect the value of the Participant's Deferred Compensation under the Plan.

**5.05 VALUE OF PARTICIPANT'S ACCOUNT.** The value of each Participant's Account consists of his/her accumulated Deferred Compensation, as of the most recent Accounting Date or any later date as the Administrative Services Provider may determine.

**5.06 ALLOCATION OF NET INCOME, GAIN OR LOSS.** As of each Accounting Date (and each other valuation date determined under Section 5.04), the Administrative Services Provider will adjust Accounts to reflect net income, gain or loss, if any, since the last Accounting Date or Account valuation.

The Administrative Services Provider will continue to allocate net income, gain and loss to a Participant's Account subject to an installment distribution, until the Account is fully distributed.

**5.07 ACCOUNT CHARGED.** The Administrative Services Provider will charge all distributions made to a Participant or to his/her Beneficiary, or transferred under Section 9.03 from his/her Account, against the Account of the Participant when made.

**5.08 PARTICIPANT DIRECTION OF INVESTMENT.** Subject to the terms and conditions required by the Administrative Services Provider and the Trustee, if any, a Participant will have the right to direct the investment or re-investment of the assets comprising the Participant's Account. The Administrative Services Provider will account separately for the Participant-directed Accounts. The Participant's right to direct investment does not give the Participant any vested interest or secured or preferred position with respect to assets over which he/she has investment responsibility.

**5.09 VESTING / SUBSTANTIAL RISK OF FORFEITURE.** Each Participant's Account will be immediately 100% vested.

**5.10 PRESERVATION OF ELIGIBLE PLAN STATUS.** The Employer may take any such necessary and appropriate action to preserve the status of the Plan as an Eligible 457 Plan.

**5.11 LIMITED LIABILITY.** The Employer will not be liable to pay plan benefits to a Participant in excess of the value of the Participant's Account as the Administrative Services Provider determines in accordance with the Plan terms. The Employer, the Administrative Services Provider, or the Trustee will not be liable for losses arising from depreciation or shrinkage in the value of any investments acquired under this Plan.

**5.12 LOST PARTICIPANTS.** If the Administrative Services Provider is unable to locate any Participant or Beneficiary whose Account becomes distributable (a "lost Participant"), the Administrative Services Provider will apply the provisions of this Section 5.12.

**(A) Attempt to Locate.** The Administrative Services Provider will attempt to locate a lost Participant and may use one or more of the following methods: (1) provide a distribution notice to the lost Participant at his/her last known address by certified or registered mail; (2) use the IRS letter forwarding program under Rev. Proc. 94-22; (3) use a commercial locator service, the internet or other general search method; (4) use the Social Security Administration or PBGC search program; or (5) use such other methods as the Administrative Services Provider believes prudent.

**(B) Failure to Locate.** If a lost Participant is not located after 6 months following the date the Administrative Services Provider first attempts to locate the lost Participant using one or more of the methods described in Section 5.12(A), the Administrative Services Provider may employ the unclaimed property processes of the state of the lost Participant’s last known address. Neither the Administrative Services Provider nor the Trustee shall be responsible for restoring the Account (including potential gains) if a lost Participant whose Account was deposited with a state later makes a claim for his/her Account.

**(C) Nonexclusivity and Uniformity.** The provisions of this Section 5.12 are intended to provide permissible but not exclusive means for the Administrative Services Provider to administer the Accounts of lost Participants. The Administrative Services Provider may utilize any other reasonable method to locate lost Participants and to administer the Accounts of lost Participants, including such methods as the Revenue Service or other regulatory agency may in the future specify. The Administrative Services Provider will apply Section 5.12 in a reasonable manner, but may in determining a specific course of action as to a particular Account, reasonably take into account differing circumstances such as the amount of a lost Participant’s Account, the expense in attempting to locate a lost Participant, the Administrative Services Provider’s ability to establish and the expense of establishing a rollover IRA, and other factors. The Administrative Services Provider may charge to the Account of a lost Participant the reasonable expenses incurred under this Section 5.12 and which are associated with the lost Participant’s Account.

**5.13 PLAN CORRECTION.** The Administrative Services Provider, as directed by the Employer, may undertake such correction of Plan errors as the Employer deems necessary, including but not limited to correction to maintain the Plan’s status as an “eligible deferred compensation plan” under the Code.

**ARTICLE VI  
PARTICIPANT ADMINISTRATIVE  
PROVISIONS**

**6.01 BENEFICIARY DESIGNATION.** A Participant from time to time may designate, in writing, any person(s) (including a trust or other entity), contingently or successively, to whom the Administrative Services Provider or Trustee will pay the Participant’s Account (including any life insurance proceeds payable to the Participant’s Account) in the event of death. A Participant also may designate the method of payment of his/her Account. The Administrative Services Provider will prescribe the form for the Participant’s written

designation of Beneficiary and, upon the Participant’s filing the form with the Administrative Services Provider, the form revokes all designations filed prior to that date by the same Participant. Provided the Administrative Services Provider has been provided reasonable notice thereof, a divorce decree, or a decree of legal separation, revokes the Participant’s designation, if any, of his/her spouse as his/her Beneficiary under the Plan unless: (a) the decree or a QDRO provides otherwise; or (b) the Participant has re-designated his/her former spouse as Beneficiary following the date of the divorce decree, or other decree of legal separation. The foregoing revocation provision (if applicable) applies only with respect to a Participant whose divorce or legal separation becomes effective on or following the date the Employer executes the Plan.

**6.02 NO BENEFICIARY DESIGNATION.** If a Participant fails to name a Beneficiary in accordance with Section 6.01, or if the Beneficiary named by a Participant predeceases the Participant, then the Administrative Services Provider will pay the Participant’s remaining Account to the Participant’s estate.

If the Beneficiary survives the Participant, but dies prior to distribution of the Participant’s entire Account, the Trustee will pay the remaining Account to the Beneficiary’s estate unless: (1) the Participant’s Beneficiary designation provides otherwise; or (2) the Beneficiary has properly designated a Beneficiary. A Beneficiary only may designate a Beneficiary for the Participant’s Account Balance remaining at the Beneficiary’s death, and the Beneficiary’s designation otherwise complies with the Plan terms. The Administrative Services Provider will direct a Trustee if applicable as to the method and to whom the Trustee will make payment under this Section 6.02.

**6.03 PARTICIPATION AGREEMENT.**

**(A) General.** A Participant must elect to make Salary Reduction Contributions on a Participation Agreement form the Administrative Services Provider provides for this purpose. The Participation Agreement must be consistent with the procedures of the Administrative Services Provider. The Participation Agreement may impose such other terms and limitations as the Employer or Administrative Services Provider may determine.

**(B) Election Timing.** A Participation Agreement may not take effect earlier than the first day of the calendar month following the date the Participant executes the Participation Agreement and as to Compensation paid or made available in such calendar month. However, if an Employee is eligible to become a Participant during the Employee’s calendar month of hire, the Employee may execute a Participation Agreement on or before the date he/she

becomes an Employee, effective for the month in which he/she becomes an Employee.

**(C) Sick, Vacation and Back Pay.** If the Employer adopts a policy that permits Participants to make Salary Reduction Contributions from accumulated sick pay, from accumulated vacation pay or from back pay, a Participant who will incur a Severance from Employment may execute a Participation Agreement before such amounts are paid or made available provided: (i) such amounts are paid or made available before the Participant incurs the Severance; and (ii) the Participant is an Employee in that month.

**(D) Modification of Participation Agreement.** A Participation Agreement remains in effect until a Participant modifies it or ceases to be eligible to participate in the Plan. A Participant may modify his/her Participation Agreement by executing a new Participation Agreement. Any modification will become effective no earlier than the beginning of the calendar month commencing after the date the Participant executes the new Participation Agreement. Filing a new Participation Agreement will revoke all Participation Agreements filed prior to that date. The Employer or Administrative Services Provider may restrict the Participant's right to modify his/her Participation Agreement in any Taxable Year.

**6.04 PERSONAL DATA TO ADMINISTRATIVE SERVICES PROVIDER.** Each Participant and each Beneficiary of a deceased Participant must furnish to the Administrative Services Provider such evidence, data or information as the Administrative Services Provider considers necessary or desirable for the purpose of administering the Plan. The provisions of this Plan are effective for the benefit of each Participant upon the condition precedent that each Participant will furnish promptly full, true and complete evidence, data and information when requested by the Administrative Services Provider, provided the Administrative Services Provider advises each Participant of the effect of his failure to comply with its request.

**6.05 ADDRESS FOR NOTIFICATION.** Each Participant and each Beneficiary of a deceased Participant must file with the Administrative Services Provider from time to time, in writing, his/her address and any change of address. Any communication, statement or notice addressed to a Participant, or Beneficiary, at his/her last address filed with the Administrative Services Provider, or as shown on the records of the Employer, binds the Participant, or Beneficiary, for all purposes of this Plan.

**6.06 PARTICIPANT OR BENEFICIARY INCAPACITATED.** If evidence is submitted to the Administrative Services Provider which supports an opinion that a Participant or Beneficiary entitled to a

Plan distribution is not able to care for his/her affairs because of a mental condition, a physical condition, or by reason of age, the Administrative Services Provider or the Trustee may make the distribution to the Participant's or Beneficiary's guardian, conservator, trustee, custodian (including under a Uniform Transfers or Gifts to Minors Act) or to his/her attorney-in-fact or to other legal representative upon furnishing evidence of such status satisfactory to the Administrative Services Provider and to the Trustee. The Administrative Services Provider and the Trustee do not have any liability with respect to payments so made and neither the Administrative Services Provider nor the Trustee has any duty to make inquiry as to the competence of any person entitled to receive payments under the Plan.

## ARTICLE VII MISCELLANEOUS

**7.01 NO ASSIGNMENT OR ALIENATION.** A Participant or Beneficiary does not have the right to commute, sell, assign, pledge, transfer or otherwise convey or encumber the right to receive any payments under the Plan or Trust and the Administrative Services Provider and the Trustee will not recognize any such anticipation, assignment, or alienation. The payments and the rights under this Plan are non-assignable and nontransferable. Subject to Section 8.15, a Participant's or Beneficiary's interest in the Trust is not subject to attachment, garnishment, levy, execution or other legal or equitable process.

**7.02 EFFECT ON OTHER PLANS.** This Plan does not affect benefits under any other retirement, pension, or benefit plan or system established for the benefit of the Employer's Employees, and participation under this Plan does not affect benefits receivable under any such plan or system, except to the extent provided in such plan or system.

**7.03 WORD USAGE.** Words used in the masculine will apply to the feminine where applicable, and wherever the context of the Plan dictates, the plural will be read as the singular and the singular as the plural.

**7.04 STATE LAW.** The laws of the state of the Employer's principal place of business will determine all questions arising with respect to the provisions of this Prototype Plan, except to the extent Federal law supersedes State law.

**7.05 EMPLOYMENT NOT GUARANTEED.** Nothing contained in this Plan, or any modification or amendment to the Plan, or in the creation of any Account, or the payment of any benefit, gives any Employee, Participant or Beneficiary any right to continue employment, any legal or equitable right against the Employer, the

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Administrative Services Provider, the Trustee, any other Employee of the Employer, or any agents thereof except as expressly provided by the Plan.

7.06 NOTICE, DESIGNATION, ELECTION, CONSENT AND WAIVER. All notices under the Plan and all Participant or Beneficiary designations, elections, consents or waivers must be in writing and made in a form acceptable to the Administrative Services Provider. To the extent permitted by Treasury regulations or other applicable guidance, any Plan notice, election, consent or waiver may be transmitted electronically. Any person entitled to notice under the Plan may waive the notice or shorten the notice period except as otherwise required by the Code.

7.07 LIMITATIONS ON TRANSFERS AND EXCHANGES. The Employer and the Administrative Services Provider may adopt procedures to govern Participant elections and directions concerning a Participant's, Beneficiary's, or Alternate Payee's investment specifications and may impose limitations on transfers and exchanges from one investment option with the Plan to another. These procedures shall be in addition to any established by investment providers to the Plan. The Employer and the Administrative Services Provider may decline to implement any investment instructions for a Participant, Beneficiary, or Alternate Payee where either deems appropriate.

7.08 EMPLOYER RESPONSIBILITY FOR DISTRIBUTION OF PLAN RELATED INFORMATION. The Employer will distribute all Plan related amendments, restated plan documents, and deferred compensation plan tax related documentation to the Administrative Service Providers when there are multiple Administrative Service Providers of the Plan.

7.09 USE OF PLAN ASSETS THAT ARE NOT ATTRIBUTABLE TO AN ACCOUNT. If the Plan receives money that is not attributable to an Account, then the Employer will direct the Administrative Services Provider as to the use of these amounts. Examples include, but are not limited to, money received by the Plan as part of a settlement, litigation award or fee reimbursement. The Employer may use these amounts to offset Plan expenses or may allocate these amounts to Participants or as it deems appropriate

### ARTICLE VIII TRUST PROVISIONS

8.01 APPLICATION. The provisions of this Article VIII apply only if the Employer has not elected to substitute another trust, custodial accounts or annuity contracts in lieu of the Trust established under this Article VIII.

8.02 ACCEPTANCE / HOLDING. The Trustee accepts the Trust created under the Plan and agrees to perform the duties and obligations imposed. The Trustee must hold in trust under this Article VIII, all Deferred Compensation until paid in accordance with the Plan terms.

8.03 RECEIPT OF CONTRIBUTIONS. The Trustee is accountable to the Employer for the funds contributed to it by the Employer or the Administrative Services Provider, but the Trustee does not have any duty to see that the contributions received comply with the provisions of the Plan.

8.04 FULL INVESTMENT POWERS. The Trustee is authorized and empowered, but not by way of limitation, to exercise and perform the following duties:

(a) To invest any part or all of the Trust in any common or preferred stocks, open-end or closed-end mutual funds, put and call options traded on a national exchange, United States retirement plan bonds, corporate bonds, debentures, convertible debentures, commercial paper, U. S. Treasury bills, U. S. Treasury notes and other direct or indirect obligations of the United States Government or its agencies, improved or unimproved real estate situated in the United States, limited partnerships, insurance contracts of any type, mortgages, notes or other property of any kind, real or personal, and to buy or sell options on common stock on a nationally recognized options exchange with or without holding the underlying common stock, as a prudent person would do under like circumstances. Any investment made or retained by the Trustee in good faith will be proper but must be of a kind constituting a diversification considered by law suitable for trust investments;

(b) To retain in cash so much of the Trust as it may deem advisable to satisfy liquidity needs of the Plan and to deposit any cash held in the Trust in a bank account at reasonable interest;

(c) To invest, if the Trustee is a bank or similar financial institution supervised by the United States or by a State, in any type of deposit of the Trustee (or a bank related to the Trustee within the meaning of Code §414(b)) at a reasonable rate of interest or in a common trust fund as described in Code §584, or in a collective investment fund, the provisions of which the Trust incorporates by this reference, which the Trustee (or its affiliate, as defined in Code §1504) maintains exclusively for the collective investment of money contributed by the bank (or its affiliate) in its capacity as Trustee and which conforms to the rules of the Comptroller of the Currency;

(d) To manage, sell, contract to sell, grant options to purchase, convey, exchange, transfer, abandon, improve, repair, insure, lease for any term even though commencing in the future or extending beyond the term of the Trust, and otherwise deal with all property, real or personal, in such manner, for such considerations and on such terms and conditions as the Trustee decides;

(e) To credit and distribute the Trust as directed by the Administrative Services Provider of the Plan. The Trustee will not be obliged to inquire as to whether any payee or distributee is entitled to any payment or whether the distribution is proper or within the terms of the Plan, or as to the manner of making any payment or distribution. The Trustee will be accountable only to the Administrative Services Provider for any payment or distribution made by it in good faith on the order or direction of the Administrative Services Provider;

(f) To borrow money, to assume indebtedness, extend mortgages and encumber by mortgage or pledge;

(g) To compromise, contest, arbitrate or abandon claims and demands;

(h) To have with respect to the Trust all of the rights of an individual owner, including the power to exercise any and all voting rights associated with Trust assets, to give proxies, to participate in any voting trusts, mergers, consolidations or liquidations, to tender shares and to exercise or sell stock subscriptions or conversion rights;

(i) To lease for oil, gas and other mineral purposes and to create mineral severances by grant or reservation; to pool or unitize interest in oil, gas and other minerals; and to enter into operating agreements and to execute division and transfer orders;

(j) To hold any securities or other property in the name of the Trustee or its nominee, with depositories or agent depositories or in another form as it may deem best, with or without disclosing the trust relationship;

(k) To perform any and all other acts in its judgment necessary or appropriate for the proper and advantageous management, investment and distribution of the Trust;

(l) To retain any funds or property subject to any dispute without liability for the payment of interest, and to decline to make payment or delivery of the funds or property until a court of competent jurisdiction makes a final adjudication;

(m) To file all tax returns required of the Trustee;

(n) To furnish to the Employer and the Administrative Services Provider an annual statement of account showing the condition of the Trust and all investments, receipts, disbursements and other transactions effected by the Trustee during the Plan Year covered by the statement and also stating the assets of the Trust held at the end of the Plan Year, which accounts will be conclusive on all persons, including the Employer and the Administrative Services Provider, except as to any act or transaction concerning which the Employer or the Administrative Services Provider files with the Trustee written exceptions or objections within 90 days after the receipt of the accounts; and

(o) To begin, maintain or defend any litigation necessary in connection with the administration of the Trust, except that the Trustee will not be obliged or required to do so unless

**8.05 RECORDS AND STATEMENTS.** The records of the Trustee pertaining to the Trust will be open to the inspection of the Employer at all reasonable times and may be audited from time to time by any person or persons as the Employer may specify in writing. The Trustee will furnish the Administrative Services Provider whatever information relating to the Trust the Administrative Services Provider considers necessary.

**8.06 FEES AND EXPENSES FROM FUND.** The Trustee will receive reasonable annual compensation in accordance with its fee schedule as published from time to time. The Trustee will pay from the Trust all fees and expenses the Trustee reasonably incurs in its administration of the Trust, unless the Employer pays the fees and expenses.

**8.07 PROFESSIONAL AGENTS.** The Trustee may employ and pay from the Trust reasonable compensation to agents, attorneys, accountants and other persons to advise the Trustee as in its opinion may be necessary. The Trustee may delegate to any agent, attorney, accountant or other person selected by it any non-Trustee power or duty vested in it by the Trust, and the Trustee may act or refrain from acting on the advice or opinion of any agent, attorney, accountant or other person so selected.

**8.08 DISTRIBUTION OF CASH OR PROPERTY.** The Trustee may make distribution under the Plan in cash or property, or partly in each, at its fair market value as determined by the Trustee.

**8.09 RESIGNATION AND REMOVAL.** The Trustee or the Custodian may resign its position by giving written notice to the Employer and to the Administrative Services Provider. The Trustee's notice must specify the effective date of the Trustee's resignation, which date must be at least 30 days

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following the date of the Trustee's notice, unless the Employer consents in writing to shorter notice.

The Employer may remove a Trustee or a Custodian by giving written notice to the affected party. The Employer's notice must specify the effective date of removal which date must be at least 30 days following the date of the Employer's notice, except where the Employer reasonably determines a shorter notice period or immediate removal is necessary to protect Plan assets.

### 8.10 SUCCESSOR TRUSTEE.

**(A) Appointment.** In the event of the resignation or the removal of a Trustee, where no other Trustee continues to service, the Employer must appoint a successor Trustee if it intends to continue the Plan. If two or more persons hold the position of Trustee, in the event of the removal of one such person, during any period the selection of a replacement is pending, or during any period such person is unable to serve for any reason, the remaining person or persons will act as the Trustee. If the Employer fails to appoint a successor Trustee as of the effective date of the Trustee resignation or removal and no other Trustee remains, the Trustee will treat the Employer as having appointed itself as Trustee and as having filed the Employer's acceptance of appointment as successor Trustee with the former Trustee.

**(B) Automatic Successor.** Any corporation which succeeds to the trust business of the Trustee, or results from any merger or consolidation to which the Trustee is a party, or is the transferee of substantially all the Trustee's assets, will be the successor to the Trustee under this Trust. The successor Trustee will possess all rights, duties and powers under this Trust as if the successor Trustee were the original Trustee. Neither the Trustee nor the successor Trustee need provide notice to any interested person of any transaction resulting in a successor Trustee. The successor Trustee need not file or execute any additional instrument or perform any additional act to become successor Trustee.

8.11 VALUATION OF TRUST. The Trustee will value the Trust as of each Accounting Date to determine the fair market value of the Trust assets. The Trustee will value the Trust on such other date(s) the Administrative Services Provider may direct.

8.12 PARTICIPANT DIRECTION OF INVESTMENT. Consistent with the Administrative Services Provider's policy adopted under Section 5.02(i), the Trustee may consent in writing to permit Participants in the Plan to direct the investment to the Trust assets. The Administrative Services Provider will advise the Trustee of the portion of the Trust credited to each Participant's Account under the Plan, and subject to such Participant direction. As a condition of Participant direction, the Trustee may

impose such conditions, limitations and other provisions as the Trustee may deem appropriate and as are consistent with the Administrative Services Provider's policy. The Trustee will report to the Administrative Services Provider the net income, gain or losses incurred by each Participant directed Account separately from the net income, gain or losses incurred by the general Trust during the Trust Year.

8.13 THIRD PARTY RELIANCE. No person dealing with the Trustee will be obliged to see to the proper application of any money paid or property delivered to the Trustee, or to inquire whether the Trustee has acted pursuant to any of the terms of the Trust. Each person dealing with the Trustee may act upon any notice, request or representation in writing by the Trustee, or by the Trustee's duly authorized agent, and will not be liable to any person whomsoever in so doing. The certificate of the Trustee that it is acting in accordance with the Trust will be conclusive in favor of any person relying on the certificate.

8.14 INVALIDITY OF ANY TRUST PROVISION. If any clause or provision of this Article VIII proves to be or is adjudged to be invalid or void for any reason, such void or invalid clause or provision will not affect any of the other provisions of this Article VIII and the balance of the Trust provisions will remain operative.

8.15 EXCLUSIVE BENEFIT. The Trustee will hold all the assets of the Trust for the exclusive benefit of the Participants and their Beneficiaries and neither the Employer nor the Trustee will use or divert any part of the corpus or income of the Trust for purposes other than the exclusive benefit of the Participants and Beneficiaries of the Plan. The Employer will not have any right to the assets held by the Trustee and the Trust assets will not be subject to the claims of the Employer's creditors or, except as provided in Section 4.06, of the creditors of any Participant or Beneficiary. No Participant or Beneficiary shall have any right to sell, assign, transfer or otherwise convey his/her Account or any interest in his/her Deferred Compensation. Notwithstanding the foregoing, the Administrative Services Provider may pay from a Participant's or Beneficiary's Account the amount the Administrative Services Provider finds is lawfully demanded under a levy issued by the Internal Revenue Service with respect to that Participant or Beneficiary or is sought to be collected by the United States Government under a judgment resulting from an unpaid tax assessment against the Participant or Beneficiary. The Trust created under the Employer's Plan is irrevocable and its assets will not inure to the benefit of the Employer.

8.16 SUBSTITUTION OF CUSTODIAL ACCOUNT OR ANNUITY CONTRACT. The



Employer may elect to use one or more custodial accounts or annuity contracts in lieu of or in addition to the Trust established in this Article VIII. Any such custodial account or annuity contract must satisfy the requirements of Code §457(g)(3) and applicable Treasury regulations.

8.17 GROUP TRUST AUTHORITY. Notwithstanding any contrary provision in this Plan, the Trustee may, unless restricted in writing by the Administrative Services Provider, transfer assets of the plan to a group trust that is operated or maintained exclusively for the commingling and collective investment of monies provided that the funds in the group trust consist exclusively of trust assets held under plans qualified under Code section 401(a), individual retirement accounts that are exempt under Code section 408(e), and eligible governmental plans that meets the requirements of Code section 457(b). For this purpose, a trust includes a custodial account that is treated as a trust under Code section 401(f) or under Code section 457(g)(3). For purposes of valuation, the value of the interest maintained by the Plan in such group trust shall be the fair market value of the portion of the group trust held for Plan, determined in accordance with generally recognized valuation procedures.

#### **ARTICLE IX AMENDMENT, TERMINATION, TRANSFERS**

9.01 AMENDMENT BY EMPLOYER / SPONSOR. The Employer has the right at any time and from time to time:

(a) To amend this Plan and Trust Agreement in any manner it deems necessary or advisable in order to continue the status of this Plan as an Eligible 457 Plan; and

(b) To amend this Plan and Trust Agreement in any other manner, including deletion, substitution or modification of any Plan or Trust.

The Employer must make all amendments in writing. The Employer may amend the Plan by addenda, by separate amendment, or by restatement of the Plan. Each amendment must state the date to which it is either retroactively or prospectively effective. The Employer also may not make any amendment that affects the rights, duties or responsibilities of the Trustee or the Administrative Services Provider without the written consent of the affected Trustee or the Administrative Services Provider.

The Employer will accept amendments from the Administrative Services Provider (including adoption of a substitute Plan and Trust) without being required to re-execute the Plan, provided that the

amendments are necessary to continue the Plan as an Eligible 457 Plan.

9.02 TERMINATION / FREEZING OF PLAN. The Employer has the right, at any time, to terminate this Plan or to cease (freeze) further Deferral Contributions to the Plan. Upon termination or freezing of the Plan, the provisions of the Plan (other than provisions permitting continued Deferral Contributions) remain operative until distribution of all Accounts. Upon Plan termination, the Administrative Services Provider or Trustee shall distribute to Participants and Beneficiaries all Deferred Compensation as soon as is reasonably practicable following termination.

9.03 TRANSFERS. The Plan: (a) may accept a Transfer of a Participant's Account in another employer's Eligible 457 Plan; or (b) may Transfer a Participant's (or Beneficiary's) Account in this Plan to the another employer's Eligible 457 Plan. The other plan involved in the Transfer must provide for Transfers. The Participant or Beneficiary, after the Transfer will have Deferred Compensation in the recipient plan at least equal to his/her Deferred Compensation in the transferring plan immediately before the Transfer. Any Transfer also must comply with applicable Treasury regulations, and in particular Treas. Reg. §§1.457-10(b)(2) as to post-severance transfers between Eligible 457 Plans; 1.457-10(b)(3) as to transfers of all assets between Eligible 457 Plans; and 1.457-10(b)(4) as to transfers between Eligible 457 Plans of the same Employer. The Administrative Services Provider will credit any Transfer accepted under this Section 9.03 to the Participant's Account and will treat the transferred amount as a Deferral Contribution for all purposes of this Plan except such Transfer will not be treated as a Deferral Contribution subject to the limitations of Article III. The Plan's Transfer of any Participant's or Beneficiary's Account under this Section 9.03 completely discharges the Employer, the Administrative Services Provider, the Trustee and the Plan from any liability to the Participant or Beneficiary for any Plan benefits.

9.04 PURCHASE OF PERMISSIVE SERVICE CREDIT. A Participant, prior to otherwise incurring a distributable event under Article IV, may direct the Trustee to transfer (as of January 1, 2002, or later) all or a portion of his/her Account to a governmental defined benefit plan (under Code §414(d)) for: (a) the purchase of permissive service credit (under Code §415(n)(3)(A)) under such plan, or (b) the repayment of contributions and earnings previously refunded with respect to a forfeiture of service credited under the plan (or under another governmental plan within the same State) to which Code §415 does not apply by reason of Code §415(k)(3).

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**IN WITNESS WHEREOF**, the undersigned has executed this Plan and Trust to become effective the 30<sup>th</sup> day of JUNE, 2011 for the:

0028779001, OCEANO COMMUNITY SERVICES DISTRICT  
(Plan Number and Name)

By: ADOPTED BY NEGATIVE CONSENT OF PLAN SPONSOR