

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
7	04/09/12	Open	Action	03/27/12

Subject: Conditionally Approving the SRTD Retirement Plan Document for AEA, AFSCME and Non-represented Employees

ISSUE

Whether to conditionally approve the Sacramento Regional Transit District Retirement Plan Document for AEA, AFSCME and Non-represented Employees.

RECOMMENDED ACTION

Adopt Resolution No. 12-04-___, Conditionally Approving the Sacramento Regional Transit District Retirement Plan Document for AEA, AFSCME and Non-represented Employees.

FISCAL IMPACT

There is no fiscal impact as the result of approving this action.

DISCUSSION

Approximately 6 years ago, RT began a project to have all RT sponsored retirement plan documents reviewed and updated by a specialist law firm to bring all three plan documents into technical compliance with Federal statutory and regulatory requirements governing government plans, particularly the Internal Revenue Code. Once updated, RT planned on applying to the Internal Revenue Service (IRS) for a compliance determination letter. RT's outside counsel revised the plan documents and incorporated all of the federally required provisions into the plan documents. In January 2011, RT submitted the revised plan documents along with its applications for compliance determination letters to the IRS. In February 2012, RT was advised by the IRS that it had reviewed the Salaried Plan document which covers RT employees represented by the American Federation of State, County and Municipal Employees (AFSCME) and the Administrative Employee Association (AEA), and all non-represented RT employees. RT was advised that the document was substantially compliant, but requested that a few clarifying modifications be made to the document. RT's outside counsel made the requested changes and submitted the revised document to the IRS on March 9, 2012. RT's outside counsel advised staff that the IRS granted RT until May 3, 2012 to approve and adopt the Salaried Plan document. If the Salaried Plan document is not fully approved and executed by all affected parties by that day, RT will have to begin the approval process with the IRS once again.

Since receiving the Plan back from the IRS, copies have been distributed to representatives of AFSCME and AEA for their review. Ultimately, each employee group representative will be required to sign-off as approving all final changes. Until that process is completed and in order to meet the IRS approval deadline of May 3, 2012, staff proposes that the Board conditionally approve the Plan Document subject to final sign-off by the employee representatives and grant

Approved:

Presented:

Final 4/2/12

General Manager/CEO

Chief Administrative Officer/EEO

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
7	04/09/12	Open	Action	03/27/12

Subject: Conditionally Approving the SRTD Retirement Plan Document for AEA, AFSCME and Non-represented Employees

the General Manager/CEO (GM/CEO) authority to execute the final document upon its return by the IRS.

Staff recommends the Boards' conditional approval of the Sacramento Regional Transit District Retirement Plan for AFSCME, AEA and Non-represented Employees, attached hereto as Exhibit A, and grant authority to the GM/CEO to execute the document upon final review by the IRS.

RESOLUTION NO. 12-04-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

April 9, 2012

**CONDITIONALLY APPROVING THE SACRAMENTO REGIONAL TRANSIT
DISTRICT RETIREMENT PLAN DOCUMENT FOR AEA, AFSCME AND
NON-REPRESENTED EMPLOYEES**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE
SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Sacramento Regional Transit District Retirement Plan Document for AEA, AFSCME and Non-represented Employees, attached hereto as Exhibit A, is hereby approved conditioned on securing and the concurrence of the AEA and AFSCME of a plan document that is substantially the same as Exhibit A.

THAT, the General Manager/CEO is hereby granted authority to execute the Salaried Plan Document on behalf of the District upon securing the AEA and AFSCME's concurrence with the terms contained therein.

BONNIE PANNELL, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary

**SACRAMENTO REGIONAL TRANSIT DISTRICT RETIREMENT PLAN
FOR
AFSCME, AEA, AND NON-REPRESENTED EMPLOYEES**

Adopted by the Board Of Directors
on
_____, 2012

As Restated Effective July 1, 2010

PROPOSED

ARTICLE 1 INTRODUCTION.....	1
ARTICLE 2 DEFINITIONS	1
2.1 Actuarial Equivalence or Actuarial Equivalent.....	1
2.2 AEA.....	1
2.3 AFSCME	1
2.4 Beneficiary	1
2.5 Break in Service	1
2.6 Code	2
2.7 Compensation.....	2
2.8 Credited Service.....	3
2.9 Date of Hire.....	3
2.10 Disability.....	3
2.11 Disability Retirement Allowance	3
2.12 District.....	3
2.13 District Board.....	3
2.14 Domestic Partner.....	4
2.15 Eligible Employee.....	4
2.16 Employee	4
2.17 Final Monthly Compensation	4
2.18 Hour of Service.....	4
2.19 Member.....	4
2.20 Non-Represented	4
2.21 Normal Retirement Age	4
2.22 Plan Year	4
2.23 Retirement Allowance.....	4
2.24 Retirement Board	4
2.25 Retirement Date	4
2.26 Spouse.....	5
2.27 Trust.....	5
2.28 Year of Service.....	5
ARTICLE 3 ELIGIBILITY AND PARTICIPATION	5
3.1 Eligible Employee.....	5
3.2 Commencement of Participation.....	5
3.3 Termination of Participation.....	5
3.4 Former Eligible Employees.....	5

TABLE OF CONTENTS
(continued)

	Page
ARTICLE 4 CREDITED SERVICE	5
4.1 General	5
4.2 Break in Service	5
4.3 Military Service	6
4.4 Additional Rules	6
ARTICLE 5 VESTING	6
ARTICLE 6 ATU/IBEW TRANSFERS	6
6.1 Transfers From ATU or IBEW	6
6.2 Definitions	7
ARTICLE 7 SERVICE RETIREMENT	7
7.1 Retirement	7
7.2 Benefit Amount	7
7.3 Time of Payment	7
7.4 Normal Form of Payment	8
7.5 Optional Forms of Payment	8
7.6 Reemployment After Retirement	8
ARTICLE 8 DISABILITY RETIREMENT	8
8.1 Eligibility for Disability Retirement	8
8.2 Benefit Amount	9
8.3 Time and Form of Payment	9
8.4 Determination of Disability	10
8.5 Reemployment After Disability Retirement	10
ARTICLE 9 SURVIVOR BENEFIT	10
9.1 Eligibility for Survivor Benefit	10
9.2 Eligible Recipients	10
9.3 Benefit Amount	11
9.4 Time and Form of Payments	11
9.5 Cessation of Payments	11
9.6 Benefit Claims	11
9.7 Definitions	11
ARTICLE 10 PROOF OF AGE	12
ARTICLE 11 INALIENABILITY OF BENEFITS	12

TABLE OF CONTENTS
(continued)

	Page
11.1 Nonassignable Benefits.....	12
11.2 Exception for Qualified Orders.....	12
ARTICLE 12 FUNDING; AMENDMENT OR TERMINATION OF PLAN	13
12.1 Trust.....	13
12.2 Contributions	13
12.3 Amendment or Termination	13
12.4 No Impairment.....	13
12.5 Plan Assets Upon Termination	13
12.6 No Reversion of Plan Assets	13
ARTICLE 13 ADMINISTRATION.....	13
13.1 Retirement Board	13
13.2 Powers and Authority	14
13.3 Plan Expenses	14
13.4 Actuarial Valuation	14
13.5 Service Providers	14
13.6 Arbitration.....	15
13.7 Limitations Period for Non-Represented Members	16
ARTICLE 14 INVESTMENTS.....	16
14.1 Investment of Plan Assets	16
14.2 Reliance on Advisors.....	16
14.3 Trust or Custodial Arrangemen.....	17
ARTICLE 15 ANNUAL BENEFIT LIMIT	17
15.1 Limitation.....	17
15.2 Alternate Limitation.....	17
15.3 Ten of Less Years of Participation.....	17
15.4 Reduced Dollar Limit Before Age 62.....	17
15.5 Increased Dollar Limit After 65th Birthday.....	17
15.6 Adjustment for Optional Form of Payment.....	18
15.7 Multiple Plan Limit	18
15.8 Definitions	18
ARTICLE 16 MANDATORY DISTRIBUTION REQUIREMENTS	19
16.1 Minimum Required Distributions.....	19

TABLE OF CONTENTS
(continued)

	Page
16.2 Eligible Rollover Distributions	19
ARTICLE 17 MISCELLANEOUS.....	21
17.1 USERRA and HEART Compliance.....	21
17.2 Overpayments.....	21
17.3 Controlling Plan Provisions.....	21
17.4 Incompetent Payee	21
17.5 No Employment or Service Rights.....	21
17.6 Governing Law	21
17.7 Beneficiary Designation.....	21
ARTICLE 18 EXECUTION	22
SACRAMENTO REGIONAL TRANSIT DISTRICT	22
APPENDIX A ACTUARIAL EQUIVALENCE	23
APPENDIX B DISTRICT-NCEC RETIREMENT PLAN PROVISIONS IN EFFECT ON AUGUST 1, 1993.....	25
APPENDIX C AGREEMENT REGARDING RETIREMENT PLAN RECIPROCITY	29
APPENDIX D ACCELERATED VESTING.....	32
APPENDIX E MINIMUM DISTRIBUTION REQUIREMENTS	33
APPENDIX F	38
APPENDIX F Schedule One.....	39
APPENDIX F Schedule Two.....	40
APPENDIX F Schedule Three	42
APPENDIX F Schedule Four	43
APPENDIX F Schedule Five	44
APPENDIX G	45
APPENDIX G Schedule One	46
APPENDIX G Schedule Two	47
APPENDIX G Schedule Three	49
APPENDIX G Schedule Four	50
APPENDIX G Schedule Five	51
APPENDIX H	52
APPENDIX H Schedule One.....	53
APPENDIX H Schedule Two	54
APPENDIX H Schedule Three	56

TABLE OF CONTENTS
(continued)

	Page
APPENDIX H Schedule Four	57
APPENDIX H Schedule Five	58

PROPOSED

ARTICLE 1

INTRODUCTION

The Sacramento Regional Transit District originally adopted this Plan, formerly known as the Retirement Plan for Salaried Employees of Sacramento Regional Transit District, effective May 1, 1956. Since then, the District has amended and restated the Plan on numerous occasions. Among other things, the Plan was amended to cover not only eligible non-represented salaried employees, but also eligible non-represented hourly employees, and eligible employees who are represented by the AEA or AFSCME.

Effective July 1, 2010, the District hereby restates the Plan as the Sacramento Regional Transit District Retirement Plan for AFSCME, AEA, and Non-Represented Employees. The restatement is designed to conform the Plan's terms to recent changes in governing tax laws, and to clarify the Plan's intended operation.

The Plan is a defined benefit pension plan, and is intended to meet the applicable requirements for qualification under section 401(a) of the Code. The Plan is a governmental plan within the meaning of section 414(d) of the Code.

This Plan document applies to every Member who is credited with an Hour of Service as on or after July 1, 2010. All other Members will be covered by the Plan provisions that were in effect on the last date on which the Member was credited with an Hour of Service; however, each provision in this Plan document that has a specific effective date before July 1, 2010 will apply to every Member who is credited with an Hour of Service on or after that effective date.

Capitalized terms used in the Plan are defined in Article 2, unless otherwise indicated.

ARTICLE 2

DEFINITIONS

2.1 "Actuarial Equivalence" or "Actuarial Equivalent" means an actuarially equivalent amount, determined using the factors specified in Appendix A.

2.2 "AEA" means the Administrative Employees Association.

2.3 "AFSCME" means the American Federation of State, County and Municipal Employees District Council 57, Local 146.

2.4 "Beneficiary" means any person designated by a Member to receive payment of benefits under the Plan, or who otherwise qualifies for receipt of benefits under the Plan.

2.5 "Break in Service" means the cessation of an Employee's service with the District as an Employee due to resignation, discharge, death, retirement, or any other reason. A Break in Service does not include:

(a) a layoff period that meets the requirements in Schedule One of Appendix F for Members represented by AFSCME or Schedule One of Appendix G for Members represented by AEA; or

(b) either of the following break periods, but only to the extent the period does not exceed 24 consecutive months: (i) a leave of absence that is approved in writing by the District, or (ii) any period during which the Member is entitled to receive temporary benefits under California disability laws. For good cause, however, the Retirement Board may extend this time limit. If either such break period (or if the two are taken consecutively, the combined break period) exceeds 24 consecutive months, the Member will have a Break in Service effective on the day after the last day of the 24-month period.

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

2.7 “Compensation” with respect to a Member will be determined as follows:

(a) Compensation includes:

(1) base salary paid in cash for personal services actually rendered in the course of employment with the District, to the extent that the amounts are includible in the gross income of the Member;

(2) cash received for overtime and shift differentials;

(3) bonuses and commissions;

(4) cash received in lieu of vacation or sick leave;

(5) amounts deducted, pursuant to a salary reduction agreement, by the District from the Member’s base salary that are not includible in the Member’s gross income under sections 125, 132(f)(4), 402(e)(3), 402(h)(1)(B), 403(b) or 457(b) of the Code;

(6) Member contributions to the Plan that are treated as employer contributions in accordance with section 414(h)(2) of the Code; and

(7) differential wages, that is, payments made by the District to the Member with respect to any period during which he or she is performing service in the uniformed services (as defined in chapter 43, title 38, United States Code) while on active duty for more than 30 days, but only to the extent those payments represent wages the Member would have received from the District if he or she were performing service for the District.

(b) Compensation does not include:

(1) District contributions to a plan described under section 457(b) or (f) of the Code;

(2) distributions from a plan of deferred compensation;

(3) cash received in lieu of group health coverage under a Code section 125 arrangement;

(4) the monetary value of board, lodging, fuel, laundry, uniforms, or other advantages supplied to the Member; and

(5) any other benefit whether received in cash or not, whether or not such benefit is includible in the gross income of the Member, that is not specifically included in Compensation in accordance with subsection (a) of this Section.

(c) If a settlement agreement, reclassification, recharacterization, stipulation or other arrangement mutually agreed to by, or binding upon, the Member and the District provides that the amount of cash that the Member receives from the District for services rendered will be adjusted for purposes of the Plan, then the Member's Compensation will be adjusted appropriately in accordance with the terms of that arrangement (including without limitation, any terms relating to the date or period to which the adjustment should be credited).

(d) For Plan Years beginning on or after January 1, 1989, and before January 1, 1996, in no event may a Member's annual Compensation exceed \$200,000, as adjusted at the same time and in the same manner as section 415(d) of the Code. For Plan Years beginning on or after January 1, 1996, and before January 1, 2002, the annual Compensation of each Member taken into account for determining all benefits provided under the Plan for any Plan Year may not exceed \$150,000, as adjusted for the cost-of-living increases in accordance with section 401(a)(17)(B) of the Code. For Plan Years beginning on or after January 1, 2002, the annual Compensation of each Member taken into account in determining all benefits under the Plan for any Plan Year may not exceed \$200,000, as adjusted for cost-of-living increases in accordance with section 401(a)(17)(B) of the Code.

(1) In determining benefit accruals for Plan Years beginning after December 31, 2001, the annual Compensation limit in this Section for determination periods beginning before January 1, 2002 will be \$200,000 if a Member has an Hour of Service on or after January 1, 2002.

(2) The cost-of-living adjustment in effect for a calendar year applies to annual Compensation for the Plan Year that begins with or within such calendar year.

2.8 "Credited Service" means a Member's service as an Eligible Employee for which the Member receives credit under the Plan. See Article 4.

2.9 "Date of Hire" means the date on which an Employee is first entitled to payment for an Hour of Service for the District. For an Employee who has had a Break in Service, Date of Hire means the date on which the Employee is first entitled to payment for an Hour of Service after the Break in Service.

2.10 "Disability" means a permanent physical or mental condition of an Eligible Employee, resulting from illness or injury, that disqualifies the Employee from performing the duties of his or her position with the District for reasons not constituting cause for discharge, as determined in accordance with Section 8.4.

2.11 "Disability Retirement Allowance" means the benefit payable to the Member upon his or her retirement for Disability as set forth in Article 8.

2.12 "District" means the Sacramento Regional Transit District.

2.13 "District Board" means the District's board of directors.

2.14 “Domestic Partner” means a person who has entered into a registered domestic partnership with a Member in accordance with Division 2.5 of the California Family Code, as amended.

2.15 “Eligible Employee” means an Employee who meets the requirements specified in Section 3.1.

2.16 “Employee” means any person who is employed by the District under a common-law relationship and does not include a “leased employee” within the meaning of section 414(n) of the Code or a person under a third-party contract or personal services contract with the District. Notwithstanding the preceding sentence, if during any period the District does not classify a person as a common-law employee and, for that reason, does not withhold income or employment taxes with respect to that person, then he or she will not be eligible to participate in the Plan during that period, even if he or she is later determined, retroactively, to have been a common-law employee during all or any portion of the period. A person’s status as an Employee will be determined by the District, and that determination will be conclusive and binding on all parties.

2.17 “Final Monthly Compensation” means the highest average monthly Compensation received by a Member during any consecutive 48-month period of employment with the District as an Eligible Employee.

2.18 “Hour of Service” means Hour of Service as defined in Schedule One of Appendix F for Members represented by AFSCME, Schedule One of Appendix G for Members represented by AEA, or Schedule One of Appendix H for Non-Represented Members.

2.19 “Member” means a person who has commenced participation in the Plan under Section 3.2, and whose participation has not terminated under Section 3.3.

2.20 “Non-Represented” means a person who is not represented by any union that is a party to a memorandum of understanding or collective bargaining agreement with the District.

2.21 “Normal Retirement Age” means Normal Retirement Age as defined in Schedule Three of Appendix F for Members represented by AFSCME, Schedule Three of Appendix G for Members represented by AEA, and Schedule Three of Appendix H for Non-Represented Members.

2.22 “Plan Year” means the 12-month period beginning on each July 1 and ending on the following June 30.

2.23 “Retirement Allowance” means the benefit payable to a Member upon his or her retirement from service as set forth in Article 7.

2.24 “Retirement Board” means the entity responsible for operating and administering the Plan. The Plan has three Retirement Boards. See Section 13.1.

2.25 “Retirement Date” means the first day of the month after the Member meets the requirements under Sections 7.1 or 8.1, as applicable, to retire and receive a Retirement Allowance or Disability Retirement Allowance under the Plan.

2.26 “Spouse” means a person who has entered into a marriage with a Member pursuant to California Family Code section 300 et seq.

2.27 “Trust” means the trust established by the District to fund the benefits payable under the Plan. See Article 12.

2.28 “Year of Service” means Year of Service as defined in Schedule One of Appendix F for Members represented by AFSCME, Schedule One of Appendix G for Members represented by AEA, and Schedule One of Appendix H for Non-Represented Members.

ARTICLE 3

ELIGIBILITY AND PARTICIPATION

3.1 Eligible Employee. A person will become an Eligible Employee on the date he or she first: (a) becomes an Employee, other than an Employee in a temporary or seasonal position; and (b) is either Non-Represented or a member of the bargaining unit represented by AEA or AFSCME.

3.2 Commencement of Participation. Each person who was a Member under the Plan as in effect immediately before July 1, 2010, will remain a Member. On and after that date, a person will become a Member on the date that he or she first becomes an Eligible Employee.

3.3 Termination of Participation. Once a person becomes a Member, he or she will remain a Member until the earliest of (a) his or her death; (b) the payment, withdrawal or transfer of all vested benefits due to the Member under the Plan; (c) the Member has a Break in Service before meeting the applicable vesting conditions under the Plan for receiving a benefit; or (d) the termination of the Plan.

3.4 Former Eligible Employees. If a person ceases to be an Eligible Employee for any reason, he or she will again become an Eligible Employee upon meeting the requirements of Section 3.1.

ARTICLE 4

CREDITED SERVICE

Credited Service under the Plan will be determined in accordance with this Article 4.

4.1 General. Credited Service includes a Member’s continuous, uninterrupted employment with the District as an Eligible Employee, beginning with the Member’s most recent Date of Hire through and including his or her Break in Service.

4.2 Break in Service. If a Member has a Break in Service and is subsequently reemployed by the District as an Eligible Employee, the following will apply:

(a) If the Member is vested under the Plan before the Break in Service, then the Member’s Retirement Allowance attributable to Credited Service before the Break in Service will be determined in accordance with the Plan as in effect at the start of the Break in Service. In addition, the Member may accrue another, separate Retirement Allowance for Credited Service after the Break in Service, determined in accordance with the Plan as in effect at the

Member's subsequent retirement. The Retirement Allowance for each continuous period of Credited Service before and after the Break in Service will be calculated by taking into account only the Member's Credited Service and Compensation for each such separate but continuous period.

(b) If the Member is not vested under the Plan before the Break in Service, then he or she will not be entitled to any benefit under the Plan for Credited Service or Compensation before the Break in Service. In addition, any Retirement Allowance attributable to the Member's Credited Service after the Break in Service will be calculated without taking into account any Credited Service or Compensation before the Break in Service.

4.3 Military Service. A Member is absent on military service when he or she is absent from service with the District by reason of service with the Armed Forces or the Merchant Marine of the United States, or on ships operated by or for the United States government. A Member will receive credit for any increases in Years of Service and in Compensation or Final Monthly Compensation that would otherwise have occurred for all such military service. This will not be construed to regard military service as time worked in the event the military service is performed prior to commencement of service for the District or as the result of military service performed after employment with the District or a predecessor has been terminated by reason of resignation, voluntary quit, or discharge, even if the Member later resumes employment with the District. See also Section 17.1.

4.4 Additional Rules. Additional rules for the crediting of service under the Plan are set out in Schedule One of Appendix F for Members represented by AFSCME, Schedule One of Appendix G for Members represented by AEA, and Schedule One of Appendix H for Non-Represented Members.

ARTICLE 5

VESTING

A Member vests in his or her benefits under the Plan in accordance with Schedule Three of Appendix F for Members represented by AFSCME, Schedule Three of Appendix G for Members represented by AEA, and Schedule Three of Appendix H for Non-Represented Employees. To the extent a Member's benefits under the Plan are vested, they are nonforfeitable.

ARTICLE 6

ATU/IBEW TRANSFERS

6.1 Transfers From ATU or IBEW. This Section 6.1 applies to any Member who retires under the Plan or who dies while an Eligible Employee, but who, before becoming a Member, received credit for service under the ATU Plan or IBEW Plan, or both. With respect to any such Member:

(a) If the Member has a partially or fully vested retirement benefit under the ATU Plan or IBEW Plan, the Member's prior service and earnings while covered under such plan will not be counted under this Plan for purposes of calculating the amount the Member's Retirement Allowance, Disability Retirement Allowance, or survivor benefit, as applicable. Such service will, however, be counted as Credited Service for the sole purpose of determining eligibility for those benefits, but only if (1) the prior service would have, if the Member were

Non-Represented or a member of the bargaining unit represented by AEA or AFSCME, counted as Credited Service under this Plan, and (2) the Member did not have a Break in Service immediately before becoming a Member of this Plan.

(b) If the Member does not have any vested retirement benefit under the ATU Plan or IBEW Plan, the Member's prior service and earnings while covered under such plan will be counted for all purposes of under this Plan (including calculation of the Member's Retirement Allowance and Disability Retirement Allowance), but only if (1) the prior service and earnings would have, if the Member were Non-Represented or a member of the bargaining unit represented by AEA or AFSCME, counted as Credited Service or Compensation under this Plan, and (2) the Member did not have a Break in Service immediately before becoming a Member of this Plan.

6.2 Definitions. For purposes of this Article 6:

(a) "ATU Plan" means the Retirement Plan for District Employees Who Are Members of ATU Local 256.

(b) "IBEW Plan" means the Retirement Plan for District Employees Who Are Members of IBEW Local Union 1245.

ARTICLE 7

SERVICE RETIREMENT

7.1 Retirement. A Member will be eligible to retire and receive payment of a Retirement Allowance under the Plan upon meeting the following requirements:

(a) the Member is partially or fully vested under Article 5;

(b) the Member meets the applicable age and Years of Service requirements set forth in Schedule Four of Appendix F for Members represented by AFSCME, Schedule Four of Appendix G for Members represented by AEA, and Schedule Four of Appendix H for Non-Represented Members;

(c) the Member's service as Employee terminates; and

(d) the Member has completed and submitted an application for benefits, at the time and manner determined by the Retirement Board.

7.2 Benefit Amount. The amount of a Member's Retirement Allowance will be determined under Schedule Two of Appendix F for Members represented by AFSCME, Schedule Two of Appendix G for Members represented by AEA, and Schedule Two of Appendix H for Non-Represented Members.

7.3 Time of Payment.

(a) A Member's retirement under this Article 7 will be effective on his or her Retirement Date (which is the first day of the month after he or she meets the requirements of Section 7.1 to retire and receive a Retirement Allowance).

(b) Payment of the Member's Retirement Allowance will begin on the Retirement Date, or as soon as administratively practicable thereafter. If payments of the Retirement Allowance begin after the Retirement Date, the first payment will consist of, in addition to the regular monthly payment, a retroactive payment equal to the total of all payments due from the Retirement Date until the date of the first payment, without any adjustment for interest.

7.4 Normal Form of Payment. The normal form of Retirement Allowance is a single-life annuity for the Member's life alone, payable monthly for the Member's life with no continuing payments after his or her death.

7.5 Optional Forms of Payment. A Member may elect, in lieu of the normal form of payment, to receive payment of his or her Retirement Allowance under one of the three optional forms of payment set forth below. Each of the optional forms will be Actuarially Equivalent to the Member's normal form of Retirement Allowance, determined as of the Member's Retirement Date. The Member must make such election, or any subsequent revocation or change of election, before the first payment of the Retirement Allowance.

(a) 100% survivor annuity: A monthly annuity payable to the Member for his or her life, with a monthly annuity payable after the Member's death, in an amount equal to 100% of the Member's monthly annuity, to the Member's Beneficiary for his or her life.

(b) 50% survivor annuity: A monthly annuity payable to the Member for his or her life, with a monthly annuity payable after the Member's death, in an amount equal to 50% of the Member's monthly annuity, to the Member's Beneficiary for his or her life.

(c) Social security leveling: A monthly annuity payable to the Member for his her life, in an amount that, when combined with the Member's Social Security benefits, provides an approximately level amount of monthly payments to the Member throughout retirement. For this purpose, the Member is presumed to receive Social Security benefits upon attaining age 62. Accordingly, under this payment option, the Member's monthly benefit payment under the Plan before his or her attainment of age 62 will be approximately equal to the sum of the Member's (1) monthly Social Security payment after attaining age 62, and (2) monthly benefit payment under the Plan after attaining age 62. Only a Member who has not attained age 62 as of his or her Retirement Date may elect this option.

7.6 Reemployment After Retirement. If Member is reemployed by the District as an Employee after retiring under this Article 7, the Member's Retirement Allowance will automatically be suspended. Payment of the Member's Retirement Allowance will resume on the first day of the month after the subsequent termination of the Member's service as Employee.

ARTICLE 8

DISABILITY RETIREMENT

8.1 Eligibility for Disability Retirement. A Member will be eligible to retire and receive a Disability Retirement Allowance upon meeting the following requirements:

(a) the Member incurs a Disability at a time he or she is an Eligible Employee;

(b) the Member meets the service requirements specified under Schedule Five of Appendix F for Members represented by AFSCME, Schedule Five of Appendix G for Members represented by AEA, and Schedule Five of Appendix H for Non-Represented Members;

(c) the Member's service as Employee terminates; and

(d) the Member has completed and submitted an application for benefits, at the time and manner determined by the Retirement Board.

8.2 Benefit Amount.

(a) The amount of a Member's Disability Retirement Allowance will be determined in accordance with Schedule Five of Appendix F for Members represented by AFSCME, Schedule Five of Appendix G for Members represented by AEA, and Schedule Five of Appendix H for Non-Represented Members.

(b) A Member's Disability Retirement Allowance upon retiring for Disability may not exceed the amount that the Member would have received as a Retirement Allowance under Section 7.4 if the Member had retired from service on the same Retirement Date.

(c) A Member's monthly Disability Retirement Allowance will be reduced by 50% of the amount of earned income received by the Member from other sources, but only to the extent that income exceeds 50% of the Member's average monthly Compensation during the Member's last Year of Service. This offset is subject to the following:

(1) This offset will not apply to earnings after the 62nd birthday of any retiree.

(2) Income from dividends and interest, real property or farm income, or property management will not be offset against the Disability Retirement Allowance.

(3) The nature of the work, rather than the manner of payment, controls the determination of whether it is income.

(4) Earnings are considered earned in the year in which they are received; however, income received in one year may be allocated to more than one year if, in the sole discretion of the Retirement Board, such allocation more correctly reflects the year in which the earnings were earned.

(5) A Member must furnish the Retirement Board, from time to time, with such information as may be determined by the Retirement Board to be necessary to properly ascertain earnings. This will include authorization for access to Social Security records. The Disability Retirement Allowance will be suspended if the Member fails to furnish the requested information or cooperate with the Retirement Board in obtaining the information.

8.3 Time and Form of Payment.

(a) A Member's retirement under this Article 8 will be effective on his or her Retirement Date (which is the first day of the month after he or she meets the requirements of Section 8.1 to retire and receive a Disability Retirement Allowance).

(b) The Disability Retirement Allowance will be paid monthly. Payments will begin on the Retirement Date, or as soon as administratively practicable thereafter. If payments of the Disability Retirement Allowance begin after the Retirement Date, the first payment will consist of, in addition to the regular monthly payment, a retroactive payment equal to the total of all payments due from the Retirement Date until the date of the first payment, without any adjustment for interest.

8.4 Determination of Disability. Whether a Member has incurred a Disability will be determined as follows:

(a) The Retirement Board has sole authority to determine whether a Disability has occurred. The Retirement Board will make its determination based on medical evidence.

(b) The Retirement Board may require any recipient of a Disability Retirement Allowance, while under the age of 55, to undergo medical examination. The examination will be made by a physician or surgeon appointed by the Retirement Board in the recipient's city of residence or other mutually agreed-upon location. Based on the examination, the Retirement Board will determine whether the Member is still incapacitated, physically or mentally, for duty in the position held by the Member when he or she retired for Disability.

(c) Any failure on a Member's part to follow reasonable courses of medical care prescribed that would lead to return to duty will be cause for rejection of application for a Disability Retirement Allowance, as may be determined by the Retirement Board.

(d) If the Retirement Board determines that the recipient is not so incapacitated for duty in the position held when retired for Disability, his or her Disability Retirement Allowance will be immediately canceled.

8.5 Reemployment After Disability Retirement.

(a) If a Member receiving a Disability Retirement Allowance applies for a position with the District, the Retirement Board will cause a medical examination to be made in order to determine whether the Member is physically or mentally incapacitated for that position.

(b) If any recipient of a Disability Retirement Allowance is reemployed by the District, his or her Disability Retirement Allowance will be canceled. No Break in Service will result from the period of Disability.

ARTICLE 9

SURVIVOR BENEFIT

9.1 Eligibility for Survivor Benefit. If a Member dies while an Eligible Employee after completing at least five Years of Service, a survivor benefit will be payable in accordance with this Article 9 to the Member's surviving Eligible Spouse, Eligible Domestic Partner, or Eligible Child (or eligible children).

9.2 Eligible Recipients. The survivor benefit will be payable to the Member's surviving Eligible Spouse or Eligible Domestic Partner for his or her life. If no Eligible Spouse or Eligible Domestic Partner survives the Member, the benefit will be payable to the surviving

Eligible Child (or if there is more than one Eligible Child, to the eligible children) for as long as he or she remains an Eligible Child.

9.3 Benefit Amount.

(a) The survivor benefit will be equal to the Actuarial Equivalent of the Retirement Allowance to which the deceased Member would have been entitled to receive under Article 7 if the Member had retired on the day before his or her death.

(b) If a Member dies before attaining the applicable minimum age to retire under the Plan, the survivor's benefit will be determined by using the lowest applicable percentage multiplier set forth in Article 7. For this purpose, the multiplier will be determined based on the Member's Years of Service and age on the date of death. If, based on these factors, there is no applicable percentage multiplier, the multiplier will be the lowest multiplier in effect at the Member's date of death, based on whether the Member was then Non-Represented or a member of the bargaining unit represented by AEA or AFSCME.

(c) If the Member has more than one Eligible Child, the survivor benefit will be equally divided among, and paid to, the eligible children. When each such child is no longer an Eligible Child, his or her portion of the survivor benefit will lapse, and each remaining Eligible Child will receive only that portion of the benefit to which he or she was entitled when eligibility was determined.

9.4 Time and Form of Payments. The survivor benefit will be payable in equal monthly payments. Payment will begin as of the first day of the month after the Member's death, or as soon as administratively practicable thereafter. In addition, the payment will be effective from the date of the Member's death. The survivor benefit for the month of death will be pro-rated from the date of death based upon the number of working days in that month.

9.5 Cessation of Payments. Payments of the survivor benefit to an Eligible Spouse or Eligible Domestic Partner will continue until, and will cease upon, his or her death. Payments of the survivor benefit an Eligible Child will continue until, and will cease upon, the earlier of his or her death, or the date he or she ceases to be an Eligible Child.

9.6 Benefit Claims. An eligible survivor may claim the survivor benefit by submitting to the Retirement Board proof of eligibility together with a certified copy of a death certificate of the deceased Member. The claimant may be required to supply additional information or documentation at the Retirement Board's request. This information is to be used to establish initial and continuing eligibility. Eligibility may be established by the following documentation:

- (a) for an Eligible Spouse, by a valid certificate of marriage;
- (b) for an Eligible Child, by a valid birth certificate or decree of adoption; or
- (c) for an Eligible Domestic Partner, by a Declaration of Domestic Partnership registered in the manner set forth under section 298 of the California Family Code.

In the case of contested eligibility, the claimant will be required to acquire a judicial determination at no cost to the District or the Plan.

9.7 Definitions. For purposes of this Article 9, the following definitions apply:

(a) "Eligible Spouse" means a Member's surviving Spouse, but only if the marriage was valid under California law on the date of the Member's death.

(b) "Eligible Domestic Partner" means a Member's surviving Domestic Partner, but only if the domestic partnership was valid under California law on the date of the Member's death.

(c) "Eligible Child" means a Member's surviving natural or adopted child, but only so long as he or she does not have a Spouse or Domestic Partner and has not attained age 21. The child will cease to be an Eligible Child upon the earlier of his or her 21st birthday or the date he or she has a Spouse or Domestic Partner.

ARTICLE 10

PROOF OF AGE

Members and their Beneficiaries must provide proof of age satisfactory to the Retirement Board. After a Member or Beneficiary has advised the Retirement Board of his or her date of birth, the Retirement Board must consent to any requested correction. This does not preclude the Retirement Board from, at any time, investigating and demanding correction of the date of birth. Any such permitted correction requires proper actuarial adjustment of retirement benefits.

ARTICLE 11

INALIENABILITY OF BENEFITS

11.1 Nonassignable Benefits. Except to the extent required by applicable law and Section 11.2, no Member or Beneficiary may assign, transfer, encumber, or anticipate his or her interest in any retirement funds accumulated under the Plan or in any retirement benefit paid from the Plan. Funds and benefits under the Plan are not in any way subject to any legal process to levy upon or attach the same for the payment of any claim against any Member or Beneficiary.

11.2 Exception for Qualified Orders. Payment must be made in accordance with the provisions of any judgment, decree, or order which the Retirement Board determines to be a qualified domestic relations order. For purposes of determining benefits under a qualified domestic relations order, actuarial equivalence must be determined using the actuarial assumptions used for funding the Plan, as adopted by the Retirement Board from time to time. For purposes of this Section, the term "qualified domestic relations order" means an order of a court of competent jurisdiction that is made under a state domestic-relations law, and that relates to the provision of child support, alimony payments or marital or other property rights to a Spouse, former Spouse, Domestic Partner, former Domestic Partner, child or dependent ("alternate payee") and that would satisfy the requirements of section 414(p) of the Code. The Plan does not permit distributions to commence to an alternate payee under a qualified domestic relations order until the Member has terminated employment and has otherwise met the requirements for entitlement to commence receiving payment of his or her Retirement Allowance.

ARTICLE 12

FUNDING; AMENDMENT OR TERMINATION OF PLAN

12.1 Trust. All amounts contributed by the District to the Plan will be deposited in the Trust.

12.2 Contributions. The District must from time to time (at least annually to the extent necessary) make contributions to the Trust adequate to finance benefits provided by the Plan on a sound actuarial basis. Any forfeitures must be used to reduce the District contributions otherwise payable. Employee contributions will be permitted under the Plan only in accordance with (a) for Members represented by AEA or AFSCME, the terms of a collective bargaining agreement or memorandum of understanding, or (2) for Non-Represented Members, an individual memorandum of understanding or as a condition of employment.

12.3 Amendment or Termination. The District reserves the right to amend, alter, modify or terminate the Plan or adopt a successor plan at any time, in its sole discretion, for any reason or for no reason. No amendment, alteration, modification, or termination of the Plan may adversely affect any accrued rights of any Member without corresponding advantages, but in all other respects such amendments, alterations, or modifications will be binding upon Members. If the Plan is terminated, the rights of Members to the benefits accrued under the Plan to the date of the termination, to the extent funded, will be nonforfeitable.

12.4 No Impairment. No alteration, amendment, termination, or discontinuance of contributions may be effected as to any Member if it violates applicable state or federal laws or, if applicable, the terms of any lawful collective bargaining agreement executed by the District with the bargaining unit representing the Member.

12.5 Plan Assets Upon Termination. If the Plan is terminated, all funds held under the Trust will be applied to provide for benefit payments owed to Members then retired. If the amount in the Trust is insufficient for this purpose, it will be prorated among those Members. Any amount remaining in the Trust after the allocation to retired Members will be allocated to non-retired Members on the basis of the actuarial reserves for their benefits, oldest first, until the Trust funds have been completely allocated.

12.6 No Reversion of Plan Assets. Notwithstanding any other provision hereof or any amendment hereto to the contrary, at no time may any amount held in the Trust revert to the District or be used for or diverted to purposes other than for the exclusive benefit of Members or their Beneficiaries under the Plan and paying the reasonable expenses of administering the Plan and Trust.

ARTICLE 13

ADMINISTRATION

13.1 Retirement Board. The Plan is administered by a Retirement Board. The Retirement Board consists of three separate boards, one for each covered group of Employees (AFSCME, AEA, and Non-Represented). Each board is responsible for administering the Plan as it applies to its respective group. The boards are composed as follows:

(a) the AEA board has four regular members, two appointed by AEA, and the other two appointed by the District Board, and two alternates, one appointed by AEA and one appointed by the District Board;

(b) the AFSCME board has four regular members, two appointed by AFSCME, and the other two appointed by the District Board, and two alternates, one appointed by AFSCME and one appointed by the District Board; and

(c) the Non-Represented Employee board has four regular members, two appointed by the District's General Manager, and the other two are appointed by the District Board, and two alternates, one appointed by the District's General Manager and one appointed by the District Board.

13.2 Powers and Authority. The Retirement Board administers and interprets all provisions of the Plan. In addition to any implied powers and duties which may be needed to carry out the authority granted to the Retirement Board under this Article 13 of the Plan and the California Public Utilities Code Section 99159, the duties, among others, of the Retirement Board include:

(a) Authorizing the employment of such actuarial and other professional services as it may deem appropriate.

(b) Responsibility for the filing and maintaining of personnel records necessary for operation of the Plan.

(c) Authorizing the payment of retirement benefits under the Plan.

(d) Approving, in accordance with applicable laws, mortality tables, interest rates, and other actuarial factors to be used in determining the requirements of the Plan.

In addition, the Retirement Board has each of the powers, authorities and responsibilities set forth in Section 17 of Article 16 of the California constitution with respect to a retirement board of a public pension or retirement system.

13.3 Plan Expenses. All expenses incurred in the administration of the Plan, including legal, actuarial fees and expenses, will be paid out of the Trust.

13.4 Actuarial Valuation. The Retirement Board will cause an actuarial valuation of the Plan to be made annually and an investigation as to the experience under the Plan not less frequently than every four years. The valuation will be conducted under the supervision of an actuary and will cover the mortality, service and compensation experience of the Members and Beneficiaries and will evaluate the assets and liabilities of the Trust. Upon the basis of the investigation, evaluation, and recommendations of the actuaries, the Retirement Board will recommend to the District such changes in the actuarial assumptions and in contributions as are necessary.

13.5 Service Providers. The Retirement Board may engage such attorneys, actuaries, accountants, consultants or other persons to render advice or to perform services with regard to its responsibilities under the Plan as it may determine to be necessary or appropriate. The Retirement Board may designate one or more persons to carry out, where appropriate, responsibilities under the Plan. The duties and responsibilities under the Plan of

the Retirement Board or of the District as Plan sponsor that have not been delegated to other individuals pursuant to the preceding sentence or which the Retirement Board or the District have not reserved to themselves will be carried out by the directors, officers and Employees of the District, acting on behalf of and in the name of the District in their capacities as directors, officers and Employees.

13.6 Arbitration. Arbitration in the event of disputes involving AEA, AFSCME and Confidential/Management Members:

(a) Only disputes, claims, or grievances arising between AEA, AFSCME or Confidential/Management Members and the Retirement Board concerning the following matters will be submitted to arbitration:

- (1) the physical or mental condition of a Member;
- (2) the Member's earned income from other sources;
- (3) the determination of a Member's age;
- (4) the determination of a Member's service; and
- (5) computations of Compensation or Final Monthly Compensation.

No other disputed matters will be submitted to arbitration without the prior consent of the Retirement Board and the aggrieved Member.

(b) The Member or AEA or AFSCME, as applicable, will submit a written request for arbitration within 48 hours after the next regularly scheduled AEA or AFSCME meeting following the adverse decision of the Retirement Board. The matter will then be submitted to an arbitration board ("Arbitration Board").

(c) The Arbitration Board will consist of three members, appointed as follows: AEA or AFSCME, as applicable, will appoint the first member. The Retirement Board will appoint the second. These two appointments must be made, and each party must notify the other of their respective appointment, within 10 days after the date the matter is submitted for arbitration. The two appointed persons will endeavor to select the third member. If they cannot agree on the third member within 10 days of the last appointment, the third person will be selected as follows:

The parties will, within 10 days, jointly request the State Conciliation Service to list seven persons qualified to act as an impartial member of the Arbitration Board. AEA or AFSCME, as applicable, and the Retirement Board must, within 10 days of receiving that list, alternately strike three names from the list, and the seventh remaining name will thereupon become the third member of the Arbitration Board. The decision as to which will be first to start the elimination proceedings will be determined by lot.

(d) The issue to be submitted to the Arbitration Board will be limited to the dispute as submitted in writing and, unless otherwise agreed in writing, the jurisdiction of the Arbitration Board will be limited to the determination of said issue. The Arbitration Board will have no authority to modify, vary, alter, amend, add to or take away from, in whole or in part, any of the terms or provisions of the Plan.

(e) The Arbitration Board will meet in the City of Sacramento within 10 days after the selection of the third member, or as soon thereafter as possible.

(f) The Arbitration Board, or either party, may call any Member as a witness and such Member, if on duty, will be released from duty for the purpose of such appearance.

(g) The ruling of the Arbitration Board with respect to procedure and all obligations to the exclusion or inclusion of evidence will be binding on the parties.

(h) Each party must bear the expenses and fees of the Arbitration Board member appointed by it and its own expenses involved in the matter. All other expenses incurred by the Arbitration Board, including the making of a record, if the Arbitration Board deems it necessary, will be borne equally by the parties. The reimbursement of wages for Members called as witnesses where a loss of wages has been incurred by said Member, will be paid by the party calling such witness.

(i) The Arbitration Board's decision will be in writing and will be submitted within ten days from the conclusion of the hearing.

(j) The decision of the majority of the Arbitration Board will be final and binding on the parties.

13.7 Limitations Period for Non-Represented Members. Any person who claims benefits under the Plan as, or on behalf of, a Non-Represented Member or Beneficiary of a Non-Represented Member must do so within the following time periods or such claim will be null and void. Any claims for benefits must be filed with the Retirement Board no later than 180 days after payment of the claimed benefit is due under the Plan. Any legal recourse of any type that is sought after all procedures under the preceding sentence have been exhausted must be filed no later than 180 days after such procedures have been exhausted.

ARTICLE 14

INVESTMENTS

14.1 Investment of Plan Assets. The Retirement Board will control and will safely keep the monies of the Trust. It will invest and reinvest the monies, and may from time to time sell any securities belonging to the Trust, and will invest and reinvest the proceeds therefrom. In the event that the Retirement Board does not enter into a contract of insurance under which the insurance company handles the investment of the Trust, no purchase or sale of securities may be effected by the Retirement Board except in accordance with advice of a corporate co-trustee or investment counsel designated by the Retirement Board. In selecting any investment counsel, the Retirement Board must choose from among firms of national reputation and must not designate any person or firm which derives a profit from the sale or purchase of any securities but, on the contrary, derives income solely from fees for investment advice. The Retirement Board may rely upon the advice of such a selected investment counsel in method and program of investments except to the extent that any particular investment or proportion of investment is precluded by applicable law.

14.2 Reliance on Advisors. Investment in or sale of securities pursuant to advice of the corporate co-trustee or investment counsel will be made on authorization of the Retirement Board, and the Retirement Board is permitted to allow such advisors to make selections and the

timing of investments within guidelines established by the Retirement Board after consultation with such advisors. Investment in or sale of securities will not be made except on authorization of the Retirement Board, or by an Employee, officer or director of the District to whom the Retirement Board has delegated the responsibility for making such authorization.

14.3 Trust or Custodial Arrangement. For the purpose of investing and reinvesting funds held under the Trust, the Retirement Board may enter into a custodial or trust agreement with a bank or trust company, or into a contract with an insurance company, subject to legal approval.

ARTICLE 15

ANNUAL BENEFIT LIMIT

15.1 Limitation. Unless the alternate limitation of Section 15.2 below applies, a Member's Annual Benefit for a Plan Year may not exceed the dollar limitation for defined benefit plans of \$160,000 under section 415(b)(1)(A) of the Code, as adjusted in such manner as the Secretary of the Treasury may prescribe. Any adjustment to the dollar limit will be effective for Plan Years ending with or within the calendar year with respect to which the adjustment is made, but a Member's benefits may not reflect the adjustment prior to January 1 of that calendar year.

15.2 Alternate Limitation. A Member's Annual Benefit is not subject to the limitation of Section 15.1 if:

- (a) The Member's Annual Benefit does not exceed \$10,000; and,
- (b) The Member has never participated in a qualified defined contribution plan maintained by the District.

15.3 Ten of Less Years of Participation. In the case of a Member who has not completed 10 years of participation in the Plan (determined with respect to the date as of which benefit payments are to commence), the dollar limitation under Section 15.1 will be multiplied by a fraction where:

- (a) the numerator of the fraction is the number of years and partial years of the Member's years of participation in the Plan; and,
- (b) the denominator is 10.

15.4 Reduced Dollar Limit Before Age 62. If a Member's Annual Benefit commences before the Member attains age 62, the dollar limitation in Section 15.1 is adjusted to commence payment at such age. This adjusted limitation is the actuarial equivalent, at such age, of the limitation in Section 15.1 commencing at age 62. For this purpose, the actuarial equivalent will be determined by using the Applicable Mortality Table and the Applicable Interest Rate.

15.5 Increased Dollar Limit After 65th Birthday. The limitation described in Section 15.1 above is increased if a Member's Annual Benefit commences after he or she attains age 65. This adjusted limitation is the actuarial equivalent, at the age the Annual Benefit commences, of the limitation in Section 15.1 commencing at age 65. For this purpose, the

actuarial equivalent will be determined by using the Applicable Mortality Table and the Applicable Interest Rate.

15.6 Adjustment for Optional Form of Payment. If the Member's benefit is or was payable in a form other than a straight-life annuity, the Annual Benefit is a straight-life annuity that is the actuarial equivalent of such other form of benefit, determined using the Applicable Mortality Table and the Applicable Interest rate, but with the following exception. For purposes of adjusting any form of benefit subject to section 417(e)(3) of the Code, the rate of interest may not be less than the greatest of:

(a) 5.5%;

(b) the rate that provides a benefit of not more than 105% of the benefit that would be provided if the applicable interest rate were the interest rate assumption (for this purpose, effective for Plan Years beginning on or after July 1, 2008, "applicable interest rate" means the applicable interest rate defined in section 417(e)(3)(C) of the Code, determined as of the third month preceding the Plan Year containing the annuity starting date and for which the applicable interest rate will remain constant; and for Plan Years beginning before July 1, 2008, the applicable interest rate is the annual rate of interest on 30-year Treasury securities as of the third month preceding the Plan Year containing the annuity starting date and for which the applicable interest rate will remain constant); or

(c) the rate specified in Appendix A.

15.7 Multiple Plan Limit. If a Member participates or has participated in this Plan and in one or more other tax-qualified defined-benefit plans maintained by the District or an Affiliated Employer, the benefit under this Plan and all such other plans will be reduced in proportion to the total benefits accrued under each such plan, but only to the extent necessary to comply on the limits on benefits in this Article 15. For purposes of this Section 15.7: (a) the termination of any plan is disregarded, and (b) the total benefits accrued under each plan for calculating the proportional reduction is determined without regard to the limitations of this Article 15.

15.8 Definitions. For purposes of this Article 15, the following definitions apply:

(a) "Affiliated Employer" means any government agency or other organization which is a member of a controlled group (as defined in section 414(b) of the Code, as modified by section 415(h) of the Code which includes the District; any trade or business (whether or not incorporated) which is under common control (as defined in section 414(c) of the Code, as modified, except in the case of a brother-sister group of trades or businesses under common control, by section 415(h) of the Code) with the District; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in section 414(m) of the Code) which includes the District; and any other entity required to be aggregated with the District pursuant to regulations under section 414(o) of the Code.

(b) "Annual Benefit" means the sum of (1) the aggregate annual retirement benefit to which the Member is entitled under any other qualified defined benefit plans maintained by the District or an Affiliated Employer; (2) the annual retirement benefit to which the Member is entitled under the Plan; (3) the aggregate annual retirement benefit that has been distributed to the Member under any other qualified defined benefit plans maintained by the

District or an Affiliated Employer; and, (4) the aggregate annual retirement benefit that has been distributed to the Member under the Plan.

(c) “Applicable Interest Rate” means an interest rate equal to the greater of 5% or the rate (as determined by the date and type of retirement) specified in Appendix A.

(d) “Applicable Mortality Table” means, effective for distributions with annuity starting dates on or after December 31, 2002, the mortality table that is used for purposes of adjusting any benefit or limitation under section 415(b) of the Code and that is the relevant table prescribed by the Internal Revenue Service in Revenue Ruling 2001-62 until modified or superseded. Effective for distributions for annuity starting dates in Plan Years beginning on or after July 1, 2008, Applicable Mortality Table means the applicable mortality table, as defined under section 417(e)(3)(B) of the Code, as set forth in Revenue Ruling 2007-67 or subsequent guidance from the Internal Revenue Service, as in effect on the annuity starting date.

ARTICLE 16

MANDATORY DISTRIBUTION REQUIREMENTS

16.1 Minimum Required Distributions. Regardless of any Plan provision to the contrary, all distributions under the Plan will meet the requirements set forth in Appendix E relating to required minimum distributions.

16.2 Eligible Rollover Distributions. If payment under the Plan is ever permitted in a form which qualifies as an eligible rollover distribution, the distributee may elect, at the time and in the manner prescribed by the Retirement Board, to have any portion of such eligible rollover distribution rolled directly to an eligible retirement plan specified by the distributee in a direct rollover. For purposes of this Section 16.2, the following terms have the following meanings:

(a) “direct rollover” means a payment by the Plan to the eligible retirement plan specified by the distributee.

(b) “distributee” means a Member, a Member’s surviving Spouse, or a Member’s Spouse or former Spouse who is the alternate payee under a domestic relations order which is treated as a qualified domestic relations order to the extent provided in section 414(p)(11) of the Code, and such other persons as come within the meaning of the term as used in section 401(a)(31)(A) of the Code. Effective for Plan Years beginning on or after July 1, 2010, a distributee also includes the Member’s non-Spouse Beneficiary. In the case of a non-Spouse Beneficiary, the direct rollover may be made only to an individual retirement account or annuity described in section 408(a) or 408(b) of the Code (“IRA”) that is established on behalf of the designated Beneficiary and that will be treated as an inherited IRA pursuant to the provisions of section 402(c)(11) of the Code. Also, in this case, the determination of any required minimum distribution under section 401(a)(9) of the Code that is ineligible for rollover will be made in accordance with Notice 2007-7, Q&A 17 and 18, 2007-5 I.R.B. 395 (or its successor).

(c) “eligible rollover distribution” means a distribution from the Plan which constitutes an eligible rollover distribution within the meaning of section 401(a)(31)(D) of the Code, i.e., any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include:

(1) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made (i) for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary or (ii) for a specified period of ten years or more;

(2) any distribution to the extent such distribution is required under section 401(a)(9) of the Code; or

(3) the portion of any distribution that is not includible in gross income; provided, however, that this paragraph does not apply to the distribution if the plan to which the distribution is transferred:

(i) is an individual retirement account or annuity described in section 408(a) or (b) of the Code;

(ii) for taxable years beginning after December 31, 2001, and before January 1, 2007, is a qualified trust which is part of a defined contribution plan that agrees to separately account for the amounts so transferred, including separately accounting for the portion of the distribution which is includible in gross income and the portion of the distribution that is not so includible; or

(iii) for taxable years beginning on or after December 31, 2006, is a qualified trust or an annuity contract described in section 403(b) of the Code, if such trust or contract provides for separate accounting for amounts so transferred (including interest thereon), including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

(d) "eligible retirement plan" means a plan which constitutes an eligible retirement plan within the meaning of section 401(a)(31)(E) of the Code, including an individual retirement account described in section 408(a) of the Code, an individual retirement annuity described in section 408(b) of the Code, an annuity plan described in section 403(a) of the Code, or a qualified trust described in section 401(a) of the Code that is a defined contribution plan, the terms of which permit the acceptance of rollover distributions. In the case of an eligible rollover distribution to a surviving spouse or a surviving former spouse, an eligible retirement plan means only an individual retirement account or individual retirement annuity. Effective for distributions after December 31, 2001, the definition of eligible retirement plan applies without regard to the preceding sentence in the case of a distribution to a surviving Spouse, or to a Spouse or former Spouse who is the alternate payee under a qualified domestic relations order, as defined in section 414(p) of the Code. Effective for distributions after December 31, 2001, the term "eligible retirement plan" also includes an annuity contract described in section 403(b) of the Code or an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan. Effective for distributions after December 31, 2007, an eligible retirement plan also includes a Roth IRA described in section 408A of the Code.

ARTICLE 17

MISCELLANEOUS

17.1 USERRA and HEART Compliance. Regardless of any Plan provision to the contrary, benefits and service credit with respect to qualified military service will be provided in accordance with section 414(u) of the Code. If a Member dies on or after January 1, 2007, while performing qualified military service (as defined in section 414(u) of the Code), the survivors of the Member are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan had the Member resumed and then terminated employment on account of death.

17.2 Overpayments. If a Member or Beneficiary receives retirement benefit payments to which he or she is not entitled, such overpayments will be offset against future retirement benefit payments to which the Member or Beneficiary is entitled, or, at the discretion of the Retirement Board, the Member or Beneficiary may be required to refund any overpayment as a condition precedent to receive any future retirement benefits.

17.3 Controlling Plan Provisions. Any benefit that any person may be entitled to receive under the Plan will be determined under the Plan as in effect when the Member's service with the District terminates and will not be affected by any subsequent changes to the Plan. If a Member is subsequently reemployed as an Eligible Employee and (subject to applicable provisions of the Plan relating to crediting of service and vesting) accrues a benefit under the Plan for his or her post-reemployment service, that benefit will be determined in accordance with the Plan provisions in effect at the subsequent termination of the Member's service with the District.

17.4 Incompetent Payee. If any Member or Beneficiary becomes legally incompetent, incapacitated, or otherwise legally unable to properly handle any amounts payable under the Plan, the Retirement Board may, in its sole discretion, make any arrangement for payment of the person's benefit on behalf of the person that it determines is advisable with regard to payment of the person's benefit on his or her behalf, including (without limitation) payment to his or her guardian, conservator, Spouse, Domestic Partner or dependent, or other representative who the Retirement Board determines, in its sole discretion, is legally responsible for the person's financial affairs. Any such determination by the Retirement Board will be binding and conclusive on all parties, and any such payment will be in complete satisfaction of the Plan's liability to that person.

17.5 No Employment or Service Rights. Nothing in the Plan gives anyone any right to remain in the District's employ or service, or affects the District's right to terminate any person's employment or service with or without cause.

17.6 Governing Law. The provisions of the Plan will be construed, administered and enforced in accordance with applicable laws of the State of California to the extent not preempted by applicable federal law, and in a manner consistent with the intention that the Plan qualify for favorable tax treatment under section 401(a) of the Code.

17.7 Beneficiary Designation. Each Member may designate in writing, before receiving benefit payments under the Plan, the person or persons who will be his or her Beneficiary under the Plan. The designation must be made at the time and in the manner determined by the Retirement Board.

ARTICLE 18

EXECUTION

To record the amendment and restatement of the Plan, effective July 1, 2010, the _____ hereby executes this Plan on _____, 2012.

SACRAMENTO REGIONAL TRANSIT DISTRICT

(Signature)

(Print Name)

(Title)

PROPOSED

APPENDIX A
ACTUARIAL EQUIVALENCE

Assumptions for Calculation of Optional Forms of Benefit

1. For benefits earned up to August 1, 1983:

Service retirement:

Interest Rate: 4-1/2%

Member and Beneficiary Mortality: Males -1951 GA Mortality, Male Table
Females - 1951 GA Mortality, Female Table

Disability Retirement:

Interest Rate: 4-1/2%

Member Mortality: 1943 CH&E Disability Table

Beneficiary Mortality: Males -1951 GA Mortality, Male Table
Females - 1951 GA Mortality, Female Table

2. For benefits earned after July 31, 1983:

(a) For retirements on or after August 1, 1983 but before August 1, 1985:

Service Retirement:

Interest Rate: 4-1/2%

Member Mortality: 1951 GA Mortality, Male Table

Beneficiary Mortality: 1951 GA Mortality, Female Table

Disability Retirement:

Interest Rate: 4-1/2%

Member Mortality: 1943 CH&E Disability Table

Beneficiary Mortality: 1951 GA Mortality, Male Table

(b) For retirements on or after August 1, 1985:

Service Retirement:

Interest Rate: 6%

Member Mortality: 1983 Group Annuity Table

Beneficiary Mortality: 1983 Group Annuity Table, set back 6 years

Disability Retirement:

Interest Rate: 6%

Member Mortality: a) OASDI 1976 Disability Termination Table for Males, set back 4 years, for contract plan;

b) 1979 Pension Benefit Guaranty Corporation Disability Table for Individuals in Receipt of Social Security, for non-contract plan

Beneficiary Mortality: 1983 Group Annuity Table, set back 6 years.

PROPOSED

APPENDIX B

DISTRICT-NCEC RETIREMENT PLAN PROVISIONS IN EFFECT ON AUGUST 1, 1993

In lieu of any other benefits set forth under this Plan, a Member who retired from service with the District after August 1, 1993 and who has no Credited Service after February 1, 1994 will be entitled to receive a Retirement Allowance computed as follows subject to applicable provisions relative to vesting in Article 7 and all other requirements of the Plan.

(1) For retirement at age 62, the monthly service Retirement Allowance will equal $\frac{1}{48}$ of the Member's Final Monthly Compensation, multiplied by the total number of Years of Service.

(2) For retirement at ages other than 62, the Retirement Allowance will be adjusted in accordance with the following table by applying the appropriate percentages to the Final Monthly Compensation of the Member based upon his/her Years of Service and age at retirement. For ages and periods of service differing from those shown on the table, the applicable percentages will be interpolated, based upon the preceding completed Quarter of Service and the preceding completed quarter year of age. For ages beyond age 70, the applicable percentage will be determined on the basis of the same actuarial assumptions used to obtain the percentages shown on the table.

SERVICE RETIREMENT ALLOWANCE AS A PERCENTAGE
OF FINAL COMPENSATION

Age at Retirement

<u>Yrs. Serv.</u>	<u>55</u>	<u>56</u>	<u>57</u>	<u>58</u>	<u>59</u>	<u>60</u>	<u>61</u>	<u>62</u>	<u>63</u>	<u>64</u>	<u>65</u>	<u>66</u>	<u>67</u>	<u>68</u>	<u>69</u>	<u>70</u>	<u>71</u>	<u>72</u>	<u>73</u>	<u>74</u>	<u>75</u>
10	10.2	11.0	11.8	12.6	13.5	14.4	15.5	16.7	17.8	18.9	20.1	22.3	24.8	27.7	31.1	35.1	39.8	45.3	51.8	59.7	69.2
11	11.2	12.1	12.9	13.8	14.8	15.9	17.1	18.3	19.5	20.8	22.2	24.6	27.4	30.6	34.4	38.7	43.8	49.9	57.2	65.8	76.3
12	12.3	13.2	14.1	15.1	16.2	17.3	18.6	20.0	21.3	22.7	24.2	26.8	29.9	33.4	37.5	42.2	47.8	54.4	62.3	71.8	83.2
13	13.3	14.3	15.3	16.3	17.5	18.6	20.2	21.7	23.1	24.6	26.2	29.1	32.3	36.1	40.6	45.7	51.8	58.9	67.5	77.7	90.1
14	14.4	15.4	16.5	17.6	18.9	20.2	21.7	23.3	24.9	26.5	28.2	31.3	34.8	38.9	43.6	49.2	55.7	63.5	72.7	83.7	97.6
15	15.4	16.5	17.6	18.9	20.2	21.7	23.3	25.0	26.7	28.4	30.2	33.5	37.3	41.7	46.7	52.7	59.7	68.0	77.8	89.7	100.0
16	16.4	17.6	18.8	20.1	21.5	23.1	24.8	26.7	28.4	30.3	32.2	35.7	39.7	44.4	49.8	56.2	63.7	72.5	83.0	95.6	
17	17.5	18.7	20.0	21.4	22.9	24.5	26.4	28.3	30.2	32.2	34.3	38.0	42.3	47.3	53.1	59.8	67.7	77.1	88.3	100.0	
18	18.5	19.8	21.2	22.6	24.2	26.0	27.9	30.0	32.0	34.1	36.3	40.3	44.8	50.1	56.2	63.3	71.7	81.6	93.5		
19	19.6	20.9	22.3	23.9	25.6	27.4	29.5	31.7	33.8	36.0	38.3	42.5	47.3	52.8	59.3	66.8	75.7	86.2	98.7		
20	20.6	22.0	23.5	25.2	26.9	28.9	31.0	33.3	35.5	37.9	40.3	44.7	49.7	55.6	62.4	70.3	79.6	90.7	100.0		
21	21.6	23.1	24.7	26.4	28.3	30.3	32.6	35.0	37.3	39.7	42.3	46.9	52.2	58.3	65.5	73.8	83.6	95.2			
22	22.7	24.2	25.9	27.7	29.6	31.8	34.1	36.7	39.1	41.6	44.3	49.1	54.7	61.1	68.6	77.3	87.6	99.7			
23	23.7	25.3	27.0	28.9	31.0	33.2	35.7	38.3	40.9	43.5	46.3	51.3	57.1	63.9	71.7	80.8	91.5	100.0			
24	24.8	26.4	28.2	30.2	32.3	34.6	37.2	40.0	42.6	45.4	48.4	53.7	59.7	66.8	74.9	84.4	95.6				
25	25.8	27.5	29.4	31.4	33.7	36.1	38.8	41.7	44.4	47.3	50.4	55.9	62.2	69.5	78.0	87.9	99.6				
26	26.9	28.6	30.6	32.7	35.0	37.5	40.3	43.3	46.2	49.2	52.4	58.1	64.7	72.3	81.1	91.4	100.0				
27	27.9	29.7	31.7	34.0	36.4	39.0	41.9	45.0	48.0	51.1	54.4	60.3	67.1	75.0	84.2	94.9					
28	29.0	30.9	32.9	35.2	37.7	40.4	43.4	46.7	49.8	53.0	56.4	62.5	69.6	77.8	87.3	98.4					
29	30.0	32.0	34.1	36.5	39.1	41.9	45.0	48.3	51.5	54.9	58.4	64.8	72.1	80.6	90.4	100.0					
30	31.1	33.1	35.3	37.7	40.4	43.3	46.5	50.0	53.3	56.8	60.4	67.0	74.6	83.3	93.5						
31	32.1	34.2	36.5	39.0	41.7	44.8	48.1	51.7	55.1	58.7	62.5	69.3	77.1	86.2	96.7						
32	33.2	35.3	37.6	40.2	43.1	46.2	49.6	53.3	56.9	60.6	64.5	71.5	79.6	89.0	99.8						
33	34.3	36.5	38.8	41.5	44.4	47.6	51.2	55.0	58.6	62.5	66.5	73.7	82.1	91.7	100.0						
34	35.4	37.6	40.0	42.8	45.8	49.1	52.7	56.7	60.4	64.4	68.5	76.0	84.6	94.5							
35	36.5	38.7	41.2	44.0	47.1	50.5	54.3	58.3	62.2	66.2	70.5	78.2	87.0	97.2							
36	37.3	39.7	42.4	45.2	48.5	52.0	55.8	60.0	64.0	68.2	72.5	80.4	89.5	100.0							
37	38.4	40.8	43.5	46.5	49.8	53.4	57.4	61.7	65.7	70.1	74.5	82.6	92.0								
38	39.4	41.9	44.7	47.8	51.2	54.8	58.9	63.3	67.5	71.9	76.5	84.9	94.5								
39	40.4	43.0	45.9	49.0	52.5	56.3	60.5	65.0	69.3	73.8	78.5	87.1	97.0								
40	41.5	44.1	47.1	50.3	53.9	57.7	62.0	66.7	71.0	75.7	80.5	89.3	99.5								
41	42.5	45.2	48.2	51.5	55.2	59.2	63.6	68.3	72.8	77.6	82.5	91.6	100.0								
42	43.5	46.3	49.4	52.8	56.6	60.6	65.1	70.0	74.6	79.5	84.6	93.8									
43	44.6	47.4	50.6	54.0	57.9	62.1	66.7	71.7	76.4	81.4	86.6	96.0									

44	45.6	48.5	51.8	55.3	59.3	63.5	68.2	73.3	78.2	83.3	88.6	98.3
45	46.7	49.7	53.0	56.6	60.6	65.0	69.8	75.0	80.0	85.2	90.6	100.0

PROPOSED

SERVICE RETIREMENT ALLOWANCE AS A PERCENTAGE
OF FINAL COMPENSATION

Age at Retirement

<u>Yrs. Serv.</u>	<u>40</u>	<u>41</u>	<u>42</u>	<u>43</u>	<u>44</u>	<u>45</u>	<u>46</u>	<u>47</u>	<u>48</u>	<u>49</u>	<u>50</u>	<u>51</u>	<u>52</u>	<u>53</u>	<u>54</u>
25	9.2	9.9	10.5	11.2	12.0	12.8	13.6	14.6	15.6	16.7	17.9	19.2	20.7	22.2	23.9
26	9.6	10.3	10.9	11.7	12.5	13.3	14.2	15.2	16.3	17.4	18.7	20.1	21.5	23.2	25.0
27	10.0	10.7	11.4	12.1	12.9	13.8	14.7	15.8	16.9	18.1	19.4	20.8	22.4	24.0	25.9
28	10.4	11.1	11.8	12.6	13.4	14.3	15.3	16.4	17.5	18.8	20.2	21.6	23.2	25.0	26.9
29	10.8	11.5	12.2	13.0	13.9	14.8	15.9	17.0	18.2	19.4	20.8	22.4	24.0	25.8	27.8
30	11.1	11.9	12.7	13.5	14.4	15.4	16.4	17.6	18.8	20.2	21.6	23.2	24.9	26.8	28.8
31	11.5	12.3	13.1	13.9	14.9	15.9	17.0	18.1	19.4	20.8	22.3	23.9	25.7	27.7	29.8
32	11.9	12.7	13.5	14.4	15.4	16.4	17.6	18.8	20.1	21.5	23.1	24.8	26.6	28.6	30.8
33	12.3	13.1	14.0	14.9	15.9	17.0	18.1	19.4	20.8	22.2	23.8	25.6	27.5	29.6	31.8
34	12.7	13.5	14.4	15.4	16.4	17.5	18.7	20.0	21.4	22.9	24.6	26.4	28.4	30.5	32.8
35	13.1	13.9	14.9	15.8	16.9	18.1	19.3	20.6	22.1	23.7	25.4	27.2	29.2	31.4	33.9
36	13.3	14.3	15.2	16.2	17.3	18.5	19.7	21.1	22.6	24.2	25.9	27.8	29.9	32.2	34.6
37	13.7	14.7	15.7	16.7	17.8	19.0	20.2	21.7	23.2	24.9	26.6	28.6	30.7	33.1	35.5
38	14.1	15.1	16.1	17.1	18.2	19.5	20.8	22.3	23.8	25.6	27.4	29.4	31.5	33.9	36.5
39	14.4	15.5	16.5	17.6	18.7	20.0	21.3	22.9	24.4	26.3	28.1	30.2	32.4	34.8	37.4
40	14.8	15.9	16.9	18.0	19.2	20.5	21.9	23.5	25.1	26.9	28.8	30.9	33.2	35.7	38.4
41											29.5	31.7	34.0	36.6	39.4
42											30.2	32.5	34.9	37.5	40.3
43											31.0	33.3	35.7	38.4	41.3
44											31.7	34.0	36.5	39.3	42.2
45											32.4	34.8	37.4	40.2	43.2

APPENDIX C

AGREEMENT REGARDING RETIREMENT PLAN RECIPROCITY

This Agreement is entered into on this 28th day of June 1999, by and between the **SACRAMENTO REGIONAL TRANSIT DISTRICT**, the **NON-CONTRACT EMPLOYEE COMMITTEE**, Local Division 256 of the **AMALGAMATED TRANSIT UNION, AFL-CIO**, and **LOCAL 1245 of the INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, AFL-CIO**.

1. MUTUAL RECIPROCITY PROVISION

The title and text of Paragraph 2 below entitled "Service Reciprocity" is hereby incorporated by this reference into the District retirement plans as if set out in full therein. District retirement plans means the plans referred to in paragraph 2f. below.

2. SERVICE RECIPROCITY

- a. This reciprocity provision is applicable only to those members who have current service credited under this Plan on or after July 1, 1999.
- b. Notwithstanding anything to the contrary in this Plan pertaining to vesting, for the purpose of determining a member's vesting, all service credited to a member under any other District retirement plan will be added to Credited Service under this Plan, except as follows: Any service performed by a member prior to a separation from employment with the District will not be added (for vesting or any other purpose) to service credited to that member under this Plan after such separation unless such separation was requested in advance by the employee and approved by District as provided in the paragraph related to break in employment under the Section of the Plan entitled "Service." [Section 2e ATU/IBEW plans; Section 3E Salaried plan]
- c. The retirement allowance of a vested member of this Plan will be calculated based only upon service credited to that member pursuant to the Section of the Plan entitled "Service."
- d. Notwithstanding anything to the contrary in the Section of the Plan entitled "Definitions," for the purpose of determining the member's final compensation a member must elect a consecutive monthly period of service for the duration required by this Plan. For this purpose, a member's final compensation may be based upon any consecutive monthly period of service in any District retirement plan(s) that may be used for vesting in this Plan as described in paragraph b above.
- e. For the purpose of this reciprocity provision, a member who is retired for disability under any other District retirement plan in which the member has a vested benefit will be deemed to be disabled within the meaning of this Plan.
- f. For the purpose of this reciprocity provision, "District retirement plans" means the:
 1. Retirement Plan for District Employees Who Are Members of ATU Local 256, effective as of April 1, 1974, as amended.

2. Retirement Plan for District Employees Who Are Members of I.B.E.W. Local 1245, effective as of September 16, 1974, as amended.
3. Retirement Plan for Salaried Employees of Sacramento Regional Transit District, restated effective August 1, 1996, as amended.

3. AMENDMENT

This Agreement will remain in effect in accordance with the terms hereof until amended by the parties hereto.

In Witness Whereof, the parties have entered into this agreement as of the date first hereinabove appearing.

**ADMINISTRATIVE EMPLOYEE'S
ASSOCIATION**

**SACRAMENTO REGIONAL TRANSIT
DISTRICT**

By: _____

By: _____

MICHAEL R. WILEY
General Manager/CEO

By: _____

APPROVED AS TO LEGAL FORM:

**AMERICAN FEDERATION OF STATE,
COUNTY AND MUNICIPAL EMPLOYEES**

By: _____

By: _____

BRUCE BEHRENS
Chief Legal Counsel

APPENDIX D

ACCELERATED VESTING

Effective October 7, 2002, under Article 7 of the Plan, the District's General Manager/CEO hired on October 7, 2002 will be 100% vested in any benefits accrued under the Plan.

PROPOSED

APPENDIX E

MINIMUM DISTRIBUTION REQUIREMENTS

The following rules apply for purposes of the Internal Revenue Code. They do not affect the form or total amount of any retirement benefit under the Plan.

E.1 General Rules.

E.1.1 Effective Date. Notwithstanding any other provision of the Plan to the contrary, the provisions of this Appendix apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 calendar year.

E.1.2 Precedence. The requirements of this Appendix take precedence over any inconsistent provisions of the Plan.

E.1.3 Requirements of Treasury Regulations Incorporated. All distributions required under this Appendix must be determined and made in accordance with the Treasury Regulations under section 401(a)(9) of the Code.

E.1.4 TEFRA Section 242(b)(2) Elections. Notwithstanding the other provisions of this Appendix, distributions may be made under a designation made before January 1, 1984, in accordance with section 242(b)(2) of TEFRA and the provisions of the Plan that relate to section 242(b)(2) of TEFRA.

E.2 Time and Manner of Distribution.

E.2.1 Required Beginning Date. The Member's entire interest must be distributed, or begin to be distributed, to the Member no later than the Member's Required Beginning Date.

E.2.2 Death of Member Before Distributions Begin. If the Member dies before distributions begin, the Member's entire interest must be distributed, or begin to be distributed, no later than as follows:

(a) If the Member's surviving Spouse is the Member's sole Designated Beneficiary, then, except as provided in the Plan, distributions to the surviving Spouse must begin by December 31 of the calendar year immediately following the calendar year in which the Member died, or by December 31 of the calendar year in which the Member would have attained age 70½, if later.

(b) If the Member's surviving Spouse is not the Member's sole Designated Beneficiary, then, except as provided in the Plan, distributions to the Designated Beneficiary must begin by December 31 of the calendar year immediately following the calendar year in which the Member died.

(c) If there is no Designated Beneficiary as of September 30 of the year following the year of the Member's death, the Member's entire interest must be distributed by December 31 of the calendar year containing the fifth anniversary of the Member's death.

(d) If the Member's surviving Spouse is the Member's sole Designated Beneficiary and the surviving Spouse dies after the Member but before distributions to the surviving Spouse begin, this Section E.2, other than Section E.2.2(a), must apply as if the surviving Spouse were the Member.

For purposes of this Section E.2 and Section E.5, distributions are considered to begin on the Member's Required Beginning Date (or, if Section E.2.2(d) applies, the date distributions are required to begin to the surviving Spouse under Section E.2.2(a)). If annuity payments irrevocably commence to the Member before the Member's Required Beginning Date (or to the Member's surviving Spouse before the date distributions are required to begin to the surviving Spouse under Section E.2.2(a)), the date distributions are considered to begin is the date distributions actually commence.

E.2.3 Form of Distribution. Unless the Member's interest is distributed in the form of an annuity purchased from an insurance company, as of the first Distribution Calendar Year distributions must be made in accordance with Sections E.3, E.4 and E.5 of this Appendix E. If the Member's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder must be made in accordance with the requirements of section 401(a)(9) of the Code and the Treasury Regulations. Any part of the Member's interest which is in the form of an individual account described in section 414(k) of the Code must be distributed in a manner satisfying the requirements of section 401(a)(9) of the Code and the Treasury regulations that apply to individual accounts.

E.3 Determination of Amount to be Distributed Each Year.

E.3.1 General Annuity Requirements. If the Member's interest is paid in the form of annuity distributions under the Plan, payments under the annuity must satisfy the following requirements:

- (a) The annuity distributions must be paid in periodic payments made at intervals not longer than one year.
- (b) The distribution period must be over a life (or lives) or over a period certain not longer than the period described in Section E.4 or E.5 of this Appendix E.
- (c) Once payments have begun over a period certain, the period certain must not be changed even if the period certain is shorter than the maximum permitted.
- (d) Payments must either be non-increasing or increase only as follows:
 - (1) by an annual percentage increase that does not exceed the annual percentage increase in a cost-of-living index that is based on prices of all items and issued by the Bureau of Labor Statistics;
 - (2) to the extent of the reduction in the amount of the Member's payments to provide for a survivor benefit upon death, but only if the Beneficiary whose life was being used to determine the distribution period described in Section E.4 dies or is no longer the Member's Beneficiary pursuant to a qualified domestic relations order;
 - (3) to provide cash refunds of Employee contributions upon the Member's death; or

- (4) to pay increased benefits that result from a Plan amendment.

E.3.2 Amount Required to be Distributed by Required Beginning Date. The amount that must be distributed on or before the Member's Required Beginning Date (or, if the Member dies before distributions begin, the date distributions are required to begin under Section E.2.2(a) or (b)) is the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received, e.g., bi-monthly, monthly, semi-annually, or annually. All of the Member's benefit accruals as of the last day of the first Distribution Calendar Year must be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the Member's Required Beginning Date.

E.3.3 Additional Accruals After First Distribution Calendar Year. Any additional benefits accruing to the Member in a calendar year after the first Distribution Calendar Year must be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

E.4 Requirements for Annuity Distributions That Commence During Member's Lifetime.

E.4.1 Joint Life Annuities Where the Beneficiary Is Not the Member's Spouse. If the Member's interest is being distributed in the form of a joint and survivor annuity for the joint lives of the Member and a non-spouse Designated Beneficiary, annuity payments to be made on or after the Member's Required Beginning Date to the Designated Beneficiary after the Member's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the Member using the table set forth in Q&A-2(c) of section 1.401(a)(9)-6 of the Treasury Regulations; provided, however, that if the Member's annuity starting date precedes the year in which the Member attains age 70, the Member's and nonspouse Designated Beneficiary's age difference must be adjusted as set forth in Q&A-2(c) in order to determine the applicable percentage as provided in the table set forth in Q&A-2(c). If the form of distribution combines a joint and survivor annuity for the joint lives of the Member and a non-spouse Designated Beneficiary and a period certain annuity, the requirement in the preceding sentence applies to annuity payments to be made to the Designated Beneficiary after the expiration of the period certain.

E.4.2 Period Certain Annuities. Unless the Member's Spouse is the sole Designated Beneficiary and the form of distribution is a period certain and no life annuity, the period certain for an annuity distribution commencing during the Member's lifetime may not exceed the applicable distribution period for the Member under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury Regulations for the calendar year that contains the annuity starting date. If the annuity starting date precedes the year in which the Member reaches age 70, the applicable distribution period for the Member is the distribution period for age 70 under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury Regulations plus the excess of 70 over the age of the Member as of the Member's birthday in the year that contains the annuity starting date. If the Member's Spouse is the Member's sole Designated Beneficiary and the form of distribution is a period certain and no life annuity, the period certain may not exceed the longer of the Member's applicable distribution period, as determined under this Section E.4.2, or the joint life and last survivor expectancy of the Member and the Member's Spouse as determined under the Joint and Last Survivor Table set forth in section 1.401(a)(9) 9

of the Treasury Regulations, using the Member's and Spouse's attained ages as of the Member's and Spouse's birthdays in the calendar year that contains the annuity starting date.

E.5 Requirements for Minimum Distributions Where Member Dies Before Date Distributions Begin.

E.5.1 Member Survived by Designated Beneficiary. If the Member dies before the date distribution of his or her interest begins and there is a Designated Beneficiary, the Member's entire interest must be distributed, beginning no later than the time described in Section E.2.2(a) or (b), over the life expectancy of the Designated Beneficiary or over a period certain not exceeding:

(a) unless the annuity starting date is before the first Distribution Calendar Year, the Life Expectancy of the Designated Beneficiary determined using the designated Beneficiary's age as of the Designated Beneficiary's birthday in the calendar year immediately following the calendar year of the Member's death; or

(b) if the annuity starting date is before the first Distribution Calendar Year, the Life Expectancy of the Designated Beneficiary determined using the Designated Beneficiary's age as of the Designated Beneficiary's birthday in the calendar year that contains the annuity starting date.

E.5.2 No Designated Beneficiary. If the Member dies before the date distributions begin and there is no Designated Beneficiary as of September 30 of the year following the year of the Member's death, distribution of the Member's entire interest must be completed by December 31 of the calendar year containing the fifth anniversary of the Member's death.

E.5.3 Death of Surviving Spouse Before Distributions to Surviving Spouse Begin. If the Member dies before the date distribution of his or her interest begins, the Member's surviving Spouse is the Member's sole Designated Beneficiary, and the surviving Spouse dies before distributions to the surviving Spouse begin, this Section E.5 will apply as if the surviving Spouse were the Member, except that the time by which distributions must begin is determined without regard to Section E.2.2(a).

E.6 Definitions.

The following words and phrases used in this Appendix E have the following meanings.

E.6.1 "Designated Beneficiary." The individual who is designated as the Beneficiary under the Plan and is the designated beneficiary under section 401(a)(9) of the Code and section 1.401(a)(9) – 1, Q&A – 4 of the Treasury Regulations.

E.6.2 "Distribution Calendar Year." A calendar year for which a minimum distribution is required. For distributions beginning before the Member's death, the first Distribution Calendar Year is the calendar year immediately preceding the calendar year which contains the Member's Required Beginning Date. For distributions beginning after the Member's death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to Section E.2.2 of this Appendix E.

E.6.3 "Life Expectancy." Life expectancy as computed by use of the Single Life Table in section 1.401(a)(9)-9 of the Treasury Regulations.

E.6.4 “Required Beginning Date.” April 1 of the calendar year following the later of (i) the calendar year in which a Member attains age 70 1/2, or (ii) the calendar year in which a Member terminates employment with the District.

E.6.5 Other Capitalized Terms. All other capitalized terms used in this Appendix E have the meanings set forth in Article 2, unless the context requires otherwise.

PROPOSED

APPENDIX F

This Appendix F and the underlying Schedules apply only to Members represented by AFSCME. Capitalized terms in Appendix F and the Schedules have the meaning set forth in Article 2, unless otherwise indicated.

The following Schedules are included as part of this Appendix F:

- (a) **Schedule One:** Service Provisions Applicable Only to Members Represented by AFSCME
- (b) **Schedule Two:** Retirement Allowance Provisions Applicable Only to Members Represented by AFSCME
- (c) **Schedule Three:** Vesting Provisions Applicable Only to Members Represented by AFSCME
- (d) **Schedule Four:** Retirement Age and Years of Service Provisions Applicable Only to Members Represented by AFSCME
- (e) **Schedule Five:** Disability Retirement Provisions Applicable Only to Members Represented by AFSCME

APPENDIX F

Schedule One

Service Provisions Applicable Only to Members Represented by AFSCME

Members represented by AFSCME will receive Credited Service under the Plan as follows:

(1) An Hour of Service will be credited in accordance with the following provisions:

(a) An Hour of Service will be credited for each hour for which the Member is paid, or entitled to payment, for the performance of duties for the District as an Eligible Employee represented by AFSCME subsequent to his or her most recent Date of Hire. Hours of Service will be credited to the Member for the period(s) in which the duties are performed.

(b) An Hour of Service will be credited for each hour for which the Member is paid, or entitled to payment, by the District as an Eligible Employee represented by AFSCME on account of a period of time subsequent to his or her most recent Date of Hire during which no duties are performed due to vacation, holiday, illness, disability jury duty, military duty, leave of absence authorized by the District or any leave authorized by applicable law. If, however, the Member has a Break in Service, no additional Hours of Service will be credited to the Member on or after the date of the Break in Service.

(2) A Quarter of Service will be credited for each consecutive three-month period beginning with the Member's Date of Hire during which the Member is continuously employed by the District as an Eligible Employee represented by AFSCME, unless provided otherwise elsewhere in the Plan.

(3) A Year of Service will be credited for each four Quarters of Service credited to a Member as an Eligible Employee represented by AFSCME subsequent to the Member's most recent Date of Hire.

(4) If an Eligible Employee is reemployed by the District as an Eligible Employee within four years after being laid off, a Break in Service does not include the period beginning on his or her layoff date, and ending on his or her reemployment date, but only if he or she (i) is reemployed on or before any recall deadline to avoid loss of seniority, as specified in the collective bargaining agreement between the District and AFSCME in effect at the time of the recall, and (ii) did not receive any Retirement Allowance during such layoff period.

APPENDIX F

Schedule Two

Retirement Allowance Provisions Applicable Only to Members Represented by AFSCME

Members represented by AFSCME will be entitled to a Retirement Allowance as follows:

(1) A Member's Retirement Allowance is the product of the Member's Final Monthly Compensation, Years of Service, the Member's vested percentage, and a percentage multiplier determined under this Schedule Two. The Retirement Allowance is determined by that one formula set forth in Sections (1)(a) through (f) below which produces the highest Retirement Allowance based upon the Member's most recent date of Credited Service with respect to Years of Service and/or age at retirement.

(a) A Member of the Plan who retires from service after August 1, 1993, and who does not have Credited Service on or after February 1, 1994, will receive a Retirement Allowance based upon the Plan provisions in effect on August 1, 1993. Appendix B sets out the Retirement Allowance formula and table according to the provisions in this Plan, in effect on August 1, 1993.

(b) For purposes of this Section (1), a Member who retires after August 1, 1993, and who has Credited Service on or after February 1, 1994, will receive a Retirement Allowance equal to the higher of:

(i) the amount the Member would have received had the Member's Retirement Allowance been computed based upon the Member's age and Years of Service as of August 1, 1993 and according to the provisions of the Plan as in effect on August 1, 1993; or

(ii) the amount the Member is eligible to receive according to the provisions of the Plan as in effect as of the Member's actual date of separation from service with the District.

(c) For a Member with Credited Service on or after February 1, 1994, for retirement from service on or after age 55, the Retirement Allowance is equal to 2% of the Member's Final Monthly Compensation multiplied by the Member's Years of Service.

(d) For a Member with Credited Service on or after February 1, 1996, for retirement from service on or after age 65, the Retirement Allowance is equal to 2.5% of the Member's Final Monthly Compensation multiplied by the Member's Years of Service.

(e) For a Member with Credited Service on or after January 1, 2000, for retirement from service with at least 25 Years of Service, the Retirement Allowance is equal to 2% of the Member's Final Monthly Compensation multiplied by the Member's Years of Service.

(f) For a Member with Credited Service on or after November 15, 2005, for retirement from service on or after July 1, 2006, the 2% multiplier will be increased by 0.1% for each Year of Service completed by the Member after either age 55 or 25 Years of Service, up to

a maximum increase of 0.5% at either age 60 or 30 Years of Service, as provided in the following table:

<u>Age or Years of Service</u>	<u>Percentage Multiplier</u>
55 or 25 years	2.0%
56 or 26 years	2.1%
57 or 27 years	2.2%
58 or 28 years	2.3%
59 or 29 years	2.4%
60+ or 30+ years	2.5%

For purposes of determining the applicable percentage multiplier, age will be based upon the Member's age in whole years (rounded down) on the date of the Member's last day of service under the Plan, and Years of Service will be determined based upon the total number of Years of Service completed in whole years on the date of the Member's last day of service under the Plan.

(2) Except for the purpose of selecting the applicable percentage multiplier set forth in Section 1(f) above, Years of Service will be determined based upon the preceding completed Quarter of Service. The provisions of this Section will not apply for purposes of determining the limitation on the Disability Retirement Allowance.

PROPOSED

APPENDIX F

Schedule Three

Vesting Provisions Applicable Only to Members Represented by AFSCME

Members represented by AFSCME will become vested under the Plan as follows:

(1) A Member will become vested under the Plan after completing Years of Service as follows:

<u>Years of Service</u>	<u>Percentage Vested</u>
Fewer than 5	0%
5	20%
6	40%
7	60%
8	80%
9 or more	100%

(2) If a Member has at least five Years of Service upon his or her termination of service as Employee, but has not attained the minimum age to receive or Years of Service requirements to retire (i.e., age 55 or 25 Years of Service), the Member will be entitled to a deferred Retirement Allowance payable after the Member attains age 55.

(3) For a Member who does not have Credited Service on or after June 1, 1999, for the purpose of determining vesting only, all Credited Service under any retirement plan sponsored by the District is credited whether or not the individual was a Member of this Plan when the service was provided.

(4) For purposes of this Schedule Three, a Year of Service will be counted only if the Member completes at least 1,080 Hours of Service during that year. A Year of Service in which the Member completed less than 1,080 Hours of Service will not count towards vesting under this Schedule Three.

(5) A Member will become 100% vested under the Plan upon attainment of Normal Retirement Age. For purposes of this Schedule Three, Normal Retirement Age means the later of (i) the Member's attainment of age 62, or (ii) the Member's completion of nine Years of Service.

APPENDIX F

Schedule Four

**Retirement Age and Years of Service Provisions Applicable Only to
Members Represented by AFSCME**

Subject to Article 7 of the Plan, Members represented by AFSCME may retire and receive a Retirement Allowance under the Plan upon:

- (1) Attainment of age 55 and completion of at least five Years of Service.
- (2) If the Member has Credited Service on or after January 1, 2000, before attainment of age 55 if he or she has at least 25 Years of Service.

PROPOSED

APPENDIX F

Schedule Five

**Disability Retirement Provisions Applicable Only to
Members Represented by AFSCME**

Subject to Article 8 of the Plan, to be eligible for a Disability Retirement Allowance, a Member who is represented by AFSCME must have at least nine Years of Service. Upon retirement for Disability, the Member will receive a monthly Disability Retirement Allowance equal to 2% of his or her Final Monthly Compensation, multiplied by the Member's total Years of Service.

PROPOSED

APPENDIX G

This Appendix G and the underlying Schedules apply only to Members represented by AEA. Capitalized terms in Appendix G and the Schedules have the meaning set forth in Article 2, unless otherwise indicated.

The following Schedules are included as part of this Appendix G:

- (a) **Schedule One:** Service Provisions Applicable Only to Members Represented by AEA
- (b) **Schedule Two:** Retirement Allowance Provisions Applicable Only to Members Represented by AEA
- (c) **Schedule Three:** Vesting Provisions Applicable Only to Members Represented by AEA
- (d) **Schedule Four:** Retirement Age and Years of Service Provisions Applicable Only to Members Represented by AEA
- (e) **Schedule Five:** Disability Retirement Provisions Applicable Only to Members Represented by AEA

APPENDIX G

Schedule One

Service Provisions Applicable Only to Members Represented by AEA

Members represented by AEA will receive Credited Service under the Plan as follows:

(1) An Hour of Service will be credited in accordance with the following provisions:

(a) An Hour of Service will be credited for each hour for which the Member is paid, or entitled to payment, for the performance of duties for the District as an Eligible Employee represented by AEA subsequent to his or her most recent Date of Hire. Hours of Service will be credited to the Member for the period(s) in which the duties are performed.

(b) An Hour of Service will be credited for each hour for which the Member is paid, or entitled to payment, by the District as an Eligible Employee represented by AEA on account of a period of time subsequent to his or her most recent Date of Hire during which no duties are performed due to vacation, holiday, illness, disability jury duty, military duty, leave of absence authorized by the District or any leave authorized by applicable law. If, however, the Member has a Break in Service, no additional Hours of Service will be credited to the Member on or after the date of the Break in Service.

(2) A Year of Service will be credited for each 12 Months of Service credited to a Member as an Eligible Employee represented by AEA subsequent to the Member's most recent Date of Hire.

(3) A Month of Service will be credited for each consecutive one-month period beginning with the Member's Date of Hire during which the Member is continuously employed by the District as an Eligible Employee represented by AEA, unless provided otherwise elsewhere in the Plan.

(4) If an Eligible Employee is reemployed by the District as an Eligible Employee within two years after being laid off, a Break in Service does not include the period beginning on his or her layoff date, and ending on his or her reemployment date, but only if he or she (i) is reemployed on or before any recall deadline to avoid loss of seniority, as specified in the collective bargaining agreement between the District and AEA in effect at the time of the recall, and (ii) did not receive any Retirement Allowance during such layoff period.

APPENDIX G

Schedule Two

Retirement Allowance Provisions Applicable Only to Members Represented by AEA

Members represented by AEA will be entitled to a Retirement Allowance as follows:

(1) A Member's Retirement Allowance is the product of the Member's Final Monthly Compensation, Years of Service, the Member's vested percentage, and a percentage multiplier determined under this Schedule Two. The Member's percentage multiplier is the highest of the following, based upon the Member's most recent Credited Service date with respect to said years of service and/or age at retirement.

(a) A Member of the Plan who retires from service after August 1, 1993, and who does not have Credited Service on or after February 1, 1994, will receive a Retirement Allowance based upon the Plan provisions in effect on August 1, 1993. Appendix B sets out the Retirement Allowance formula and table according to the provisions in this Plan, in effect in August 1, 1993.

(b) For purposes of this Section (1), a Member who retires after August 1, 1993, and who has Credited Service on or after February 1, 1994, will receive a Retirement Allowance equal to the higher of:

(i) the amount the Member would have received had the Member's Retirement Allowance been computed based upon the Member's age and Years of Service as of August 1, 1993, and according to the provisions of the Plan as in effect on August 1, 1993; or,

(ii) the amount the Member is eligible to receive according to the provisions of the Plan as in effect as of the Member's actual date of separation from service with the District.

(c) For a Member with Credited Service on or after February 1, 1994, for retirement from service on or after age 55, the Retirement Allowance is equal to 2% of the Member's Final Monthly Compensation multiplied by the Member's Years of Service.

(d) For a Member with Credited Service on or after February 1, 1996, for retirement from service on or after age 65, the Allowance is equal to 2.5% of the Member's Final Monthly Compensation multiplied by the Member's Years of Service.

(e) For a Member with Credited Service on or after January 1, 2000, for retirement from service with at least 25 Years of Service, the Retirement Allowance is equal to 2% of the Member's Final Monthly Compensation multiplied by the Member's Years of Service.

(f) For a Member with Credited Service on or after November 15, 2005, for retirement from service on or after July 1, 2006, the 2% multiplier will be increased for additional years of age attained or Years of Service completed by the Member after either age 55 or 25 Years of Service, up to a maximum increase of 0.5% at age 65, as provided in the following table:

Age or Years of Service	Percentage Multiplier
55 or 25 years	2.0%
56 or 26 years	2.125%
57-64 or 27 years	2.25%
65	2.5%

For purposes of determining the applicable percentage multiplier, age is based upon the Member's age in whole years on the date of the Member's last day of service under the Plan and Years of Service must be determined based upon the total number of Years of Service completed in whole years on the date of the Member's last day of service under the Plan.

(g) For a Member with Credited Service on or after January 1, 2008, for retirement from service after January 1, 2008, the 2% multiplier is to be increased by 0.1% for each Year of Service completed by the Member after either age 55 or 25 Years of Service, up to a maximum of a 0.5% increase at either age 60 or 30 Years of Service, as provided in the following table:

Age or Years of Service	Percentage Multiplier
55 or 25 years	2.0%
56 or 26 years	2.1%
57 or 27 years	2.2%
58 or 28 years	2.3%
59 or 29 years	2.4%
60+ or 30+ years	2.5%

For purposes of determining the applicable percentage multiplier, age will be based upon the Member's age in whole years on the date of the Member's last day of service under the Plan and Years of Service will be determined based upon the Years of Service completed in whole years on the date of the Member's last day of service under the Plan.

(2) Except for the purpose of selecting the applicable percentage multiplier set forth in Sections 1(f) and (g) above, Years of Service will be determined based upon the preceding completed Quarter of Service. However, for a Member who has Credited Service on or after January 1, 2005, that Member's Years of Service will be determined based upon the preceding total completed Months of Service. The provisions of this Section will not apply for purposes of determining the limitation on the Disability Retirement Allowance.

APPENDIX G

Schedule Three

Vesting Provisions Applicable Only to Members Represented by AEA

Members represented by AEA will become vested under the Plan as follows:

(1) A Member will become vested under the Plan after completing Years of Service as follows:

<u>Years of Service</u>	<u>Percentage Vested</u>
Fewer than 5	0%
5 or more	100%

(2) If a Member has at least five Years of Service upon his or her termination of service as Employee, but has not attained the minimum age to receive or Years of Service requirements to retire (i.e., age 55 or 25 Years of Service), the Member will be entitled to a deferred Retirement Allowance payable after the Member attains age 55.

(3) The deferred Retirement Allowance is be based on Years of Service and Final Monthly Compensation prior to termination. For a Member who does not have Credited Service on or after June 1, 1999, for the purpose of determining vesting only, all Credited Service will be credited whether or not the individual was a Member of this Plan when the service was provided.

(4) For purposes of this Schedule Three, a Year of Service will be counted only if the Member completes at least 1,080 Hours of Service during that year. A Year of Service in which the Member completed less than 1,080 Hours of Service will not count towards vesting under this Schedule Three.

(5) A Member will become 100% vested under the Plan upon attainment of Normal Retirement Age. For purposes of this Schedule Three, Normal Retirement Age means the later of (i) the Member's attainment of age 62, or (ii) the Member's completion of five Years of Service.

APPENDIX G

Schedule Four

Retirement Age and Years of Service Provisions Applicable Only to Members Represented by AEA

Subject to Article 7 of the Plan, Members represented by AEA may retire and receive a Retirement Allowance under the Plan upon:

- (1) A Member may retire at any time after attaining age 55 if he or she has at least nine Years of Service as of that time.
- (2) If the Member has Credited Service on or after January 1, 2006, attainment of age 55 and completion of at least five Years of Service.
- (3) If the Member has Credited Service on or after January 1, 2000, before attainment of age 55 if he or she has at least 25 Years of Service.

PROPOSED

APPENDIX G

Schedule Five

Disability Retirement Provisions Applicable Only to Members Represented by AEA

Subject to Article 8 of the Plan, the following will apply to the Disability Retirement Allowance for Members who are represented by AEA:

(1) To be eligible for a Disability Retirement Allowance, a Member who is represented by AEA must have at least nine Years of Service. Upon retirement for Disability, the Member will receive a monthly Disability Retirement Allowance equal to an applicable percentage of his or her Final Monthly Compensation, multiplied by the Member's total Years of Service. The applicable percentage will be determined in accordance with Section 1(f) of Schedule Two to this Appendix G. If the Member has not attained age 55 or completed 25 Years of Service as of the Member's Retirement Date for Disability, the 2% multiplier will be used to calculate the Member's Disability Retirement Allowance.

(2) This paragraph applies to Members with Credited Service on or after January 1, 2005, and, with respect to these Members, supersedes the preceding paragraph. To be eligible for a Disability Retirement Allowance, the Member must have at least nine Years of Service. Upon retirement for Disability, the Member will receive a Disability Retirement Allowance equal to the applicable Retirement Allowance set forth in Schedule Two of this Appendix G.

(3) This paragraph applies to Members with Credited Service on or after January 1, 2006, and, with respect to these Members, supersedes the two preceding paragraphs. To be eligible for a Disability Retirement Allowance, the Member must have at least five Years of Service. Upon retirement for Disability, the Member will receive a Disability Retirement Allowance equal to the applicable Retirement Allowance set forth in Schedule Two of this Appendix G.

APPENDIX H

This Appendix H and the underlying Schedules apply only to Non-Represented Members. Capitalized terms in Appendix H and the Schedules have the meaning set forth in Article 2, unless otherwise indicated.

The following Schedules are included as part of this Appendix H:

- (a) **Schedule One:** Service Provisions Applicable Only to Members Whoa Are Non-Represented
- (b) **Schedule Two:** Retirement Allowance Provisions Applicable Only to Members Who Are Non-Represented
- (c) **Schedule Three:** Vesting Provisions Applicable Only to Members Who Are Non-Represented
- (d) **Schedule Four:** Retirement Age and Years of Service Provisions Applicable Only to Members Who Are Non-Represented
- (e) **Schedule Five:** Disability Retirement Provisions Applicable Only to Members Who Are Non-Represented

APPENDIX H

Schedule One

Service Provisions Applicable Only to Members Who Are Non-Represented

Members represented by AEA will receive Credited Service under the Plan as follows:

(1) An Hour of Service will be credited in accordance with the following provisions:

(a) An Hour of Service will be credited for each hour for which the Member is paid, or entitled to payment, for the performance of duties for the District as an Eligible Employee who is Non-Represented subsequent to his or her most recent Date of Hire. Hours of Service will be credited to the Member for the period(s) in which the duties are performed.

(b) An Hour of Service will be credited for each hour for which the Member is paid, or entitled to payment, by the District as an Eligible Employee who is a Non-Represented Employee on account of a period of time subsequent to his or her most recent Date of Hire during which no duties are performed due to vacation, holiday, illness, disability jury duty, military duty, leave of absence authorized by the District or any leave authorized by applicable law. If, however, the Member has a Break in Service, no additional Hours of Service will be credited to the Member on or after the date of the Break in Service.

(2) A Year of Service will be credited for each 12 Months of Service credited to a Member as an Eligible Employee who is Non-Represented subsequent to the Member's most recent Date of Hire.

(3) A Month of Service will be credited for each consecutive one-month period beginning with the Member's Date of Hire during which the Member is continuously employed by the District as an Eligible Employee who is Non-Represented, unless provided otherwise elsewhere in this Plan.

(4) Notwithstanding any other provision of this Schedule One to Appendix H or any other provision of the Plan, any Member who is Non-Represented and who incurs a Break in Service and who is subsequently reemployed by the District will have his or her service accrued under the Plan prior to such Break in Service counted for all purposes under the Plan, provided that he or she:

(a) resumes employment with the District on or after January 1, 2007 as a Non-Represented Eligible Employee within five years of the commencement of his or her Break in Service or,

(b) has Credited Service on or after September 11, 2006, terminated continuous employment with the District on September 1, 2000 and resumes employment with the District as a Non-Represented Eligible Employee on September 11, 2006.

APPENDIX H

Schedule Two

Retirement Allowance Provisions Applicable Only to Members Who Are Non-Represented

Members who are Non-Represented will be entitled to a Retirement Allowance as follows:

(1) A Member's Retirement Allowance is the product of the Member's Final Monthly Compensation, Years of Service, the Member's vested percentage, and a percentage multiplier determined under this Schedule Two. The Member's percentage multiplier is the highest of the following, based upon the Member's most recent Credited Service date with respect to said years of service and/or age at retirement.

(a) A Member of the Plan who retires from service after August 1, 1993, and who does not have Credited Service on or after February 1, 1994, will receive a Retirement Allowance based upon the provisions of this Plan in effect on August 1, 1993. Appendix B sets out the Retirement Allowance formula and table according to the provisions in this Plan, in effect in August 1, 1993.

(b) For purposes of this Section (1), a Member who retires after August 1, 1993 and who has Credited Service on or after February 1, 1994, will receive a Retirement Allowance equal to the higher of:

(i) the amount the Member would have received had the Member's Retirement Allowance been computed based upon the Member's age and Years of Service as of August 1, 1993, and according to the provisions of the Plan as in effect on August 1, 1993; or,

(ii) the amount the Member is eligible to receive according to the provisions of the Plan as in effect as of the Member's actual date of separation from service with the District.

(c) For a Member with Credited Service on or after February 1, 1994, for retirement from service on or after age 55 the Retirement Allowance will equal 2% of the Member's Final Monthly Compensation multiplied by the Member's Years of Service.

(d) For a Member with Credited Service on or after February 1, 1996, for retirement from service on or after age 65, the Allowance will equal 2.5% of the Member's Final Monthly Compensation multiplied by the Member's Years of Service.

(e) For a Member with Credited Service on or after January 1, 2000, for retirement from service with at least 25 Years of Service, the Retirement Allowance is equal to 2% of the Member's Final Monthly Compensation multiplied by the Member's Years of Service.

(f) For a Member with Credited Service on or after November 15, 2005, for retirement from service on or after July 1, 2006, the 2% multiplier will be increased for additional years of age attained or Years of Service completed by the Member after either age 55 or 25 Years of Service, up to a maximum increase of 0.5% at age 65, as provided in the following table:

Age or Years of Service	Percentage Multiplier
55 or 25 years	2.0%
56 or 26 years	2.125%
57-64 or 27 years	2.25%
65	2.5%

For purposes of determining the applicable percentage multiplier, age will be based upon the Member's age in whole years on the date of the Member's last day of service under the Plan and Years of Service will be determined based upon the total number of Years of Service completed in whole years on the date of the Member's last day of service under the Plan.

(g) For a Member with Credited Service on or after January 1, 2008 for retirement from service after January 1, 2008, the 2% multiplier will be increased by 0.1% for each Year of Service completed by the Member after either age 55 or 25 Years of Service, up to a maximum of a 0.5% increase at either age 60 or 30 Years of Service, as provided in the following table:

Age or Years of Service	Percentage Multiplier
55 or 25 years	2.0%
56 or 26 years	2.1%
57 or 27 years	2.2%
58 or 28 years	2.3%
59 or 29 years	2.4%
60+ or 30+ years	2.5%

For purposes of determining the applicable percentage multiplier, age is based upon the Member's age in whole years on the date of the Member's last day of service under the Plan and Years of Service will be determined based upon the Years of Service completed in whole years on the date of the Member's last day of service under the Plan.

(2) Except for the purpose of selecting the applicable percentage multiplier set forth in Sections 1(f) and (g) above, Years of Service will be determined based upon the preceding completed Quarter of Service. However, for a Member who has Credited Service on or after January 1, 2005, that Member's Years of Service will be determined based upon the preceding total completed Months of Service. The provisions of this Section will not apply for purposes of determining the limitation on the Disability Retirement Allowance.

APPENDIX H

Schedule Three

Vesting Provisions Applicable Only to Members Who Are Non-Represented

Members who are Non-Represented will become vested under the Plan as follows:

(1) A Member who has Credited Service will become vested under the Plan after completing Years of Service as follows:

<u>Years of Service</u>	<u>Percentage Vested</u>
Fewer than 5	0%
5 or more	100%

(2) If a Member has at least five Years of Service upon his or her termination of service as Employee, but has not attained the minimum age to receive or Years of Service requirements to retire (i.e., age 55 or 25 Years of Service), the Member will be entitled to a deferred Retirement Allowance payable after the Member attains age 55.

(3) The deferred Retirement Allowance will be based on service and Final Monthly Compensation prior to termination. For a Member who does not have Credited Service on or after June 1, 1999, for the purpose of determining vesting only, all Credited Service will be credited whether or not the individual was a Member of this Plan when the service was provided.

(4) For purposes of this Schedule Three, a Year of Service will be counted only if the Member completes at least 1,080 Hours of Service during that year. A Year of Service in which the Member completed less than 1,080 Hours of Service will not count towards vesting under this Schedule Three.

(5) Effective January 1, 2002, the District grants immediate 100% vesting to Members as set forth in Appendix D.

(6) A Member will become 100% vested under the Plan upon attainment of Normal Retirement Age. For purposes of this Schedule Three, Normal Retirement Age means the later of (i) the Member's attainment of age 62, or (ii) the Member's completion of five Years of Service.

APPENDIX H

Schedule Four

Retirement Age and Years of Service Provisions Applicable Only to Members Who Are Non-Represented

Subject to Article 7 of the Plan, Members who are Non-Represented may retire and receive a Retirement Allowance under the Plan upon:

- (1) A Member may retire at any time after attaining age 55 if he or she has at least nine Years of Service as of that time.
- (2) If the Member has Credited Service on or after January 1, 2006, attainment of age 55 and completion of at least five Years of Service.
- (3) If the Member has Credited Service on or after January 1, 2000, before attainment of age 55 if he or she has at least 25 Years of Service.

PROPOSED

APPENDIX H

Schedule Five

Disability Retirement Provisions Applicable Only to Members Who Are Non-Represented

Subject to Article 8 of the Plan, the following will apply to the Disability Retirement Allowance for Members who are Non-Represented:

(1) To be eligible for a Disability Retirement Allowance, the Member must have at least nine Years of Service. Upon retirement for Disability, the Member will receive a monthly Disability Retirement Allowance equal to an applicable percentage of his or her Final Monthly Compensation, multiplied by the Member's total Years of Service. The applicable percentage will be determined in accordance with Section 1(f) of Schedule Two to this Appendix H. If the Member has not attained age 55 or completed 25 Years of Service as of the Member's Retirement Date for Disability, the 2% multiplier will be used to calculate the Member's Disability Retirement Allowance.

(2) This paragraph applies to Members with Credited Service on or after January 1, 2005, and, with respect to these Members, supersedes the preceding paragraph. To be eligible for a Disability Retirement Allowance, the Member must have at least nine Years of Service. Upon retirement for Disability, the Member will receive a Disability Retirement Allowance equal to the applicable Retirement Allowance set forth in Schedule Two of this Appendix H.

(3) This paragraph applies to Members with Credited Service on or after January 1, 2006, and, with respect to these Members, supersedes the two preceding paragraphs. To be eligible for a Disability Retirement Allowance, the Member must have at least five Years of Service. Upon retirement for Disability, the Member will receive a Disability Retirement Allowance equal to the applicable Retirement Allowance set forth in Schedule Two of this Appendix H.