

JEA
BOARD AGENDA

DATE: June 21, 2016

TIME: 12:00 PM

PLACE: JEA
21 West Church Street
19th Floor

I. WELCOME

- A. Call to Order
- B. Time of Reflection
- C. Pledge to Flag
- D. Adoption of the Agenda
- E. Safety Briefing
- F. Sunshine Law/Public Records Statement – Office of General Counsel (OGC)

II. PRESENTATIONS AND COMMENTS

- A. Comments from the Public
- B. Council Liaison's Comments – The Honorable Bill Gulliford
- C. Office of the Mayor Liaison's Comments – Dr. Johnny Gaffney
- D. Nassau County's Ex-Officio Representative – Mike Mullin

III. FOR BOARD CONSIDERATION

- A. Consent Agenda – The Consent Agenda consists of agenda items that require Board approval but are routine in nature, or have been discussed during previous public meetings of the Board. The Consent Agenda items require no explanation, discussion or presentation, and are approved by one motion and vote.
 - 1. Approval of Board Meeting Minutes May 17, 2016 – action
 - 2. Monthly JEA Financial Statements – information
 - 3. Monthly FY16 Communications & Engagement Calendar and Plan Update – information

4. Monthly JEA Operations Report – information

- B. Strategic Discussions/Action

1. JEA 401(a) Defined Contribution Retirement Plan Restatement – Resolution 2016-10 – Angie Hiers, Chief Human Resources Officer – 5 minutes – presentation/action
2. Directors' & Officers' Liability Insurance – Paul McElroy, Chief Executive Officer – 5 minutes – presentation/information
3. Proposed FY2017 Operating and Capital Budgets – Melissa Dykes, Chief Financial Officer – 5 minutes – presentation/action
4. Purchasing Code Delegation of Authority – John McCarthy, Director, Supply Chain Management – 10 minutes – presentation/information
5. Bi-Monthly Finance Presentation – Melissa Dykes, Chief Financial Officer – 10 minutes – presentation/information

- C. Open Discussion

1. Draft Recommendation to Summarize Monthly Operational and Financial Reporting, Focusing on Variances, Changes in Trends and Emerging Issues – Paul McElroy
2. Water Supply Plan – Paul McElroy
3. Resolution Supporting the City of Jacksonville Referendum and Pension Plan Solution – Paul McElroy

- D. Other New Business

- E. Old Business – none

IV. REPORTS

- A. Finance & Audit Committee Report – Kelly Flanagan, Committee Chair

1. Mid-Year Performance Review of Incentive-Based Plans
2. Other

- B. Managing Director/CEO's Report

- C. Chair's Report

V. CLOSING CONSIDERATIONS

- A. Announcements – Next Board Meeting – July 19, 2016

- B. Adjournment

Board Calendar

Board Meeting: 12:00 PM – Third Tuesday of Every Month

Committees

Finance & Audit Committee: August 8, 2016 8:00 – 10:00 AM
TBD – December 2016

Compensation Committee: TBD

Government Affairs Committee: TBD – December 2016

A. If you have a disability that requires reasonable accommodations to participate in the above meeting, please call **665-7550** by **8:30 AM** the day before the meeting and we will provide reasonable assistance for you.

B. If a person decides to appeal any decision made by the JEA Board with respect to any matter considered at this meeting, that person will need a record of the proceedings, and, for such purpose needs to ensure that verbatim record of the proceedings is made, which record includes the evidence and testimony upon which the appeal is to be based.



INTER-OFFICE CORRESPONDENCE

June 15, 2016

SUBJECT: BOARD MEETING AGENDA

FROM: Melissa Charleroy and Cheryl Mock, JEA Executive Assistants

TO: All Members, JEA Board of Directors

Scheduled times and locations for JEA meetings to be held **Tuesday, June 21, 2016**, are as follows:

**12:00 PM Board Meeting
19th Floor, JEA Tower**

We are looking forward to seeing you on the **21st**. Please call Melissa Charleroy at 665-7313 or Cheryl Mock at 665-4202 if you require additional information.

/mmc

cc:

P. McElroy	T. Hobson	S. Tuten	M. Evans	V. Wright
M. Brost	B. Roche	M. Charleroy	J. Brooks, OGC	
P. Cosgrave	M. Whiting	C. Mock	J. Gabriel, OGC	
M. Dykes	J. Upton	N. NesSmith	C. Edgar	
A. Hiers	G. Boyce	M. Ruiz-Adams	B. Fore	
M. Hightower	J. Gutos	W. Stanford	J. Bryant	

e-copy:

Patrick Maginnis
Security Desk
Security Office
Brandi Sneed
Russell Park
Ted Delay
Timothy Chrisp

I. F.
Sunshine Law/Public Records Statement

Florida's Government in the Sunshine Law
Office of General Counsel

This meeting is being held in compliance with Florida's Government in the Sunshine Law, §286.011, Florida Statutes, and shall be open to the public at all times. Official acts of the JEA Board may be conducted at this meeting that will be considered binding on the JEA. Reasonable notice has been provided and minutes of this meeting shall be taken and promptly recorded.

III. A. 1.

Approval of Board Meeting Minutes May 17, 2016

JEA
BOARD MINUTES
May 17, 2016

The JEA Board met in regular session on Tuesday, May 17, 2016, on the 19th Floor, 21 W. Church Street, Jacksonville, Florida. Present were Tom Petway, Ed Burr, Delores Kesler, Husein Cumber, Kelly Flanagan, Warren Jones, and Alan Howard.

Agenda Item I – Welcome

- A. The meeting was **called to order** at 12:05 PM by Chair Petway.
- B. A **Moment of Reflection** was observed by all.
- C. The **Pledge of Allegiance** was led by Chair Petway.
- D. **Adoption of Agenda** – The agenda was approved on **motion** by Secretary Kesler and second by Mr. Cumber.
- E. The **Safety Briefing** was given by Paul McElroy, Managing Director/Chief Executive Officer.
- F. **Sunshine Law/Public Records Statement** – Jody Brooks, Office of General Counsel (OGC), stated this Board Meeting is being held in compliance with Florida's Government in the Sunshine Law, §286.011. The complete statement can be found in section I. F. of the Board package.

Agenda Item II – Presentations and Comments

- A. **Board of Directors Ethics Training** – Ms. Carla Miller, City of Jacksonville, Director, Office of Ethics, Compliance and Oversight, led the Annual Board of Directors Ethics Training, as required by City Ordinance of all agency boards. Ms. Miller praised JEA for its performance from an ethics standpoint and its excellent resources in Walette Stanford, Director of Ethics, JEA and Jody Brooks, OGC. Ms. Miller presented the Top 10 Ethics Danger Areas. Ms. Miller advised the Board that any questions could be directed to Walette Stanford, Jody Brooks, Kirby Oberdorfer, Deputy Director, Office of Ethics, Compliance and Oversight for the City of Jacksonville, as well as herself.
- B. **Comments from the Public** – none
- C. **Council Liaison's Comments** – The Honorable Bill Gulliford urged the Board to support the upcoming Pension Referendum.
- D. **Office of the Mayor Liaison's Comment** – Dr. Johnny Gaffney offered the Mayor is pleased with the things he is hearing about the JEA Board and its diligence with the community.
- E. **Nassau County's Ex-Officio Representative – Mike Mullin** – Mr. Mike Mullin shared his appreciation of the JEA Board and staff and their collaboration with Nassau County.
- F. **Arbor Day Foundation Tree Line USA Award** – Kim Wheeler, Manager T&D Preventative Maintenance and Joe Anderson, Arborist, shared the evolution of the preventative maintenance area and provided an overview of the communication methods JEA uses with customers related to tree trimming. Mr. Anderson provided information related to the award received by JEA, and how the work of the department assists in providing energy. Mr. Anderson recognized staff in the audience and those in the field for their efforts.

- G. 2016 J. D. Power Electric Utility Residential Customer Service Satisfaction Results for Wave 3 and Letter from Governor Rick Scott for J. D. Power Business Award** – Monica Whiting, Chief Customer Officer, shared Wave 3 produced the highest wave JEA has ever accomplished at 720 points and moved JEA into the top quartile nationally overall. JEA has moved almost 100 utilities from the start of the process. For the first time in JEA history, each driver ranked in the top quartile nationally for residential. Ms. Whiting also provided individual results for each of the drivers and the top movers YTD, including Power Quality & Reliability, Price and Corporate Citizenship. Ms. Whiting stated that the year-end results will be available in July. Ms. Whiting also presented a letter from Governor Rick Scott extending his congratulations on the J. D. Power Business Award and the importance of JEA's results for the state.

Agenda Item III – For Board Consideration

- A. Consent Agenda** – used for items that require no explanation, discussion or presentation and are approved by one motion and vote. On **motion** by Secretary Kesler and second by Mr. Cumber, items 1 and 2 on the Consent Agenda were unanimously approved and items 3 and 4 were received for information.
1. Approval of Board Workshop Minutes April 7, 2016 – approved
 2. Approval of Board Meeting Minutes April 19, 2016 – approved
 3. Monthly JEA Financial Review & Statements – received for information
 4. Monthly FY16 Communications & Engagement Calendar and Plan Update – received for information
- B. Strategic Discussions/Action**
1. JEA 401(a) Defined Contribution Retirement Plan Restatement – Resolution 2016-10 – Angie Hiers, Chief Human Resources Officer, presented the 401(a) Defined Contribution Retirement Plan was created in 2002 to allow non-Collective Bargaining Unit (CBU) employees the opportunity to defer a portion of their compensation on a tax-deferred basis. Ms. Hiers indicated that Mass Mutual serves as trust and plan document administrator and a committee of JEA employees with financial and investment backgrounds oversees the plan regarding the monitoring of investment plan performance and the portfolio of investment options. Periodically, due to changes in the law, the Plan must be restated. Ms. Hiers stated each Board Member received copies of the restated Plan, the Plan of Adoption Agreement from Mass Mutual and a letter from the Department of Treasury indicating the acceptance of the Plan for employee benefit. Ms. Hiers advised that the Plan must be approved by the Board prior to submission. This item is presented for information and will be presented to the Board for approval at the June 21, 2016 Board Meeting.
 2. Approval of Resolution: FY2016 Budgetary Transfers – Melissa Dykes, Chief Financial Officer and Mike Brost, Vice President/General Manager, Electric Systems – Ms. Dykes presented Resolution 2015-05, dated October 20, 2015, delegates authority to the Managing Director/CEO to approve budget transfers up to \$5.0 million, emergency, or year-end transfers. Emergency and year-end transfers exceeding \$5.0 million would be brought to the Board of Directors for ratification. Mr. Brost provided information related to the planned outage on the Brandy Branch Combined Cycle Unit, including the additional, unforeseen repairs that were required in this fiscal year's capital budget to repair the unit and return it to service. Ms. Dykes advised the additional cost resulted in a necessary budget

transfer exceeding the approval limit of the Managing Director/CEO and further requiring approval by the Board. Upon **motion** by Mr. Cumber and second by Mr. Howard, this item was unanimously approved. Further discussion by the Board resulted in an action item for the Finance & Audit Committee to review the resolution to determine if the budget transfer process should be modified to remove the Board from the daily operations of JEA.

3. Bi-Monthly Operations Presentation – Brian Roche, Vice-President/General Manager, Water/Wastewater Systems, Mike Brost, Vice-President/General Manager, Electric Systems, and Monica Whiting, Chief Customer Officer – Mr. Roche reviewed safety, water/wastewater performance objectives, environmental compliance, financial performance, and water/wastewater rates in Florida. Mr. Brost reviewed electric system MWH sales projections, performance objectives, financial results and cost metrics, and residential electric bill comparison information. Ms. Whiting provided an overview of JEA’s transactional volume, first contact resolution, power quality and reliability outage communication, customer communication, community involvement and continuous improvement information. Ms. Whiting also reviewed JEA’s website usability and phone satisfaction rankings by J.D. Power where JEA ranked among the best in the nation. At the request of the Board, Ms. Whiting provided the order of the utilities in the state of Florida, as it relates to the J. D. Power scores and rankings year-to-date for the Residential Electric survey.

C. Other New Business – none

D. Old Business – none

Agenda Item IV – Reports

- A. Finance and Audit Committee Report – Kelly Flanagan, Committee Chair reviewed the Finance and Audit Committee meeting held on May 9, 2016, bringing items to the Board for action and information.
 1. Approval of Minutes from March 7, 2016 – On **motion** by Mr. Cumber and second by Vice Chair Burr, the minutes were unanimously approved.
 2. FY2017 Budget Presentation – Committee Chair Flanagan recognized staff for their time and effort on the budget process.
 3. Update on Procurement for External Auditor – Committee Chair Flanagan thanked staff for their work on benchmarking for procurement of external auditors and stated the Finance & Audit Committee is fully supportive of staff’s recommendations.
 4. Audit Services – Quarterly ERM/Audit Report – received for information
 5. Chief Information Officer Report – received for information
 6. Identity Theft Protection Program Fair and Accurate Credit Transactions Act (FACTA) Annual Risk Assessment – received for information
 7. Ethics Officer Quarterly Report – received for information

8. Treasury
 - a. Electric System and Water and Sewer System Reserve Fund Quarterly Report – received for information
9. JEA Energy Market Risk Management Policy Report – received for information
10. Announcements
 - a. Next Meeting – August 8, 2016, 8:00 – 10:00 AM
11. Committee Discussion Sessions
 - a. The Committee met with Steve Tuten, Director, Audit Services.
 - b. The Committee met with Chris Edmunds, Ernst & Young.
 - c. The Committee met with Robert Campbell, Council Auditor’s Office.
- B.** Government Affairs Committee Report – Alan Howard, Committee Chair reviewed the Government Affairs Committee meeting held on May 6, 2016, bringing items to the Board for action and information.
 1. Review and Approval of the Government Affairs Committee Charter – Mr. Howard, Committee Chair, reviewed the Committee Charter. On **motion** by Committee Chair Howard and second by Mr. Jones, the Committee Charter was approved by the Board.
 2. Review of Current Litigation – Committee Chair Howard presented information on current litigation cases and referred all questions to Jody Brooks, OGC.
 3. JEA Government Relations Local, State, and Federal Update – received for information
 4. Other New Business – none
 5. Announcements – information
 - a. Schedule Next Meeting as Appropriate
- C.** Managing Director/CEO’s Report – Mr. McElroy reviewed the following items:
 1. Tree Line USA Award – Mr. McElroy thanked Kim Wheeler and her staff for the their work and advised the Board that JEA has evolved from being called to City Council over trees to receiving consistent positive feedback.
 2. Mr. McElroy advised the Board of the exercises JEA is undergoing in preparation for the hurricane season. Mr. McElroy related the various parts of the effort and documentation required for FEMA reimbursement in the event of a real storm. Mr. McElroy is involved with the City Emergency Operations Center (EOC) and is part of the Mayor’s Senior Council during actual storms.
- D.** Chair’s Report – Chair Petway asked Board Members to report any summer Board meeting scheduling conflicts to staff for accommodations to ensure quorums. Chair Petway thanked staff for the coordination of media opportunities and indicated his pleasure with the presence of JEA in the media. Secretary Kesler advised that she appreciated notices of upcoming media events. Chair Petway advised of JEA activity he has seen on Seminole Drive and how impressed he has been with traffic management. Prior to adjourning the meeting, Chair Petway read the letter JEA received from Governor Rick Scott related to JEA’s J.D. Power Business Award.

Agenda Item V – Closing Considerations

A. Announcements – Next Board Meeting – June 21, 2016

B. Adjournment

With no further business claiming the attention of the Board, Chair Petway adjourned the meeting at 2:32 PM.

APPROVED BY:

SECRETARY

DATE: _____

Board Meeting recorded by:

Cheryl W. Mock
Executive Assistant

III. A. 2.
Monthly Financial Statements



III. A. 2.
6/21/2016

Monthly Financial Statements

May 2016

Monthly Financial Statements

May 2016

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Statements of Net Position**(in thousands - unaudited) May 2016 and 2015 restated**

	2016	2015 restated
Assets		
Current assets:		
Cash and cash equivalents	\$ 190,819	\$ 147,120
Investments	329,322	314,343
Customer accounts receivable, less allowance for doubtful accounts of \$4,198 in 2016 and \$4,159 in 2015 restated	183,925	188,113
Miscellaneous accounts receivable	38,575	41,123
Interest receivable	1,810	1,942
Inventories, less reserve of \$157 in 2016 and \$471 in 2015 restated:		
Fuel inventory - Electric System	74,137	66,333
Fuel inventory - Plant Scherer	8,329	4,129
Materials and supplies - Water and Sewer	44,166	43,428
Materials and supplies - Electric System	19,697	19,941
Materials and supplies - Plant Scherer	2,102	2,088
Total current assets	<u>892,882</u>	<u>828,560</u>
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	49,320	33,164
Investments	821,292	933,335
Accounts and interest receivable	3,115	5,556
Total restricted assets	<u>873,727</u>	<u>972,055</u>
Costs to be recovered from future revenues	452,133	376,046
Investment in The Energy Authority	6,384	7,382
Notes receivable - City of Jacksonville	-	189
Other assets	16,286	19,014
Total noncurrent assets	<u>1,348,530</u>	<u>1,374,686</u>
Capital assets:		
Land and easements	164,176	167,377
Plant in service	10,735,413	10,586,389
Less accumulated depreciation	(5,311,616)	(4,850,910)
Plant in service, net	5,587,973	5,902,856
Construction work in progress	273,670	172,399
Net capital assets	<u>5,861,643</u>	<u>6,075,255</u>
Total assets	<u>8,103,055</u>	<u>8,278,501</u>
Deferred outflows of resources		
Unamortized losses on refundings	146,003	158,715
Accumulated decrease in fair value of interest swaps derivatives	167,867	153,143
Unrealized pension contributions and losses	83,970	39,131
Accumulated decrease in fair value of fuel hedging derivatives	2,904	1,891
Total deferred outflows of resources	<u>400,744</u>	<u>352,880</u>
Total assets and deferred outflows of resources	<u>\$ 8,503,799</u>	<u>\$ 8,631,381</u>

Statements of Net Position**(in thousands - unaudited) May 2016 and 2015 restated**

	2016	2015 restated
Liabilities		
Current liabilities:		
Accounts and accrued expenses payable	\$ 71,032	\$ 85,398
Customer deposits	55,950	55,958
City of Jacksonville payable	9,660	9,360
Compensated absences due within one year	4,534	6,152
State utility taxes payable	2,332	2,365
Total current liabilities	<u>143,508</u>	<u>159,233</u>
Current liabilities payable from restricted assets:		
Revenue bonds and line of credit due within one year	181,525	187,500
Renewal and replacement reserve	79,427	83,661
Interest payable	30,138	32,296
Construction contracts and accounts payable	23,669	18,385
Total current liabilities payable from restricted assets	<u>314,759</u>	<u>321,842</u>
Noncurrent liabilities:		
Net pension liability	408,630	395,990
Compensated absences due after one year	24,573	20,619
Environmental liabilities	18,662	18,662
OPEB liability	851	2,560
Other liabilities	4,515	4,508
Total noncurrent liabilities	<u>457,231</u>	<u>442,339</u>
Long-term debt:		
Bonds payable, less current portion	4,470,195	4,779,520
Unamortized premium, net	149,325	181,117
Fair value of debt management strategy instruments	167,867	153,143
Commercial paper notes payable	-	40,800
Total long-term debt	<u>4,787,387</u>	<u>5,154,580</u>
Total liabilities	<u>5,702,885</u>	<u>6,077,994</u>
Deferred inflows of resources		
Revenues to be used for future costs	518,165	448,192
Unrealized pension gains	29,796	-
Total deferred inflows of resources	<u>547,961</u>	<u>448,192</u>
Net position		
Net investment in capital assets	1,429,714	1,155,131
Restricted	459,251	548,350
Unrestricted	363,988	401,714
Total net position	<u>2,252,953</u>	<u>2,105,195</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 8,503,799</u>	<u>\$ 8,631,381</u>

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Assets							
Current assets:							
Cash and cash equivalents	\$ 104,939	\$ 21,615	\$ -	\$ 126,554	\$ 60,152	\$ 4,113	\$ 190,819
Investments	322,401	6,921	-	329,322	-	-	329,322
Customer accounts receivable, less allowance for doubtful accounts of \$4,198	145,981	-	-	145,981	37,543	401	183,925
Miscellaneous accounts receivable	18,139	19,670	-	37,809	766	-	38,575
Interest receivable	960	25	-	985	825	-	1,810
Inventories, less reserve of \$157:							
Fuel inventory - Electric System	29,877	44,260	-	74,137	-	-	74,137
Fuel inventory - Plant Scherer	8,329	-	-	8,329	-	-	8,329
Materials and supplies - Water and Sewer	-	-	-	-	44,166	-	44,166
Materials and supplies - Electric System	-	19,697	-	19,697	-	-	19,697
Materials and supplies - Plant Scherer	2,102	-	-	2,102	-	-	2,102
Total current assets	632,728	112,188	-	744,916	143,452	4,514	892,882
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	37	33,106	-	33,143	12,761	3,416	49,320
Investments	293,179	214,379	-	507,558	313,734	-	821,292
Accounts and interest receivable	1,024	1,281	-	2,305	810	-	3,115
Total restricted assets	294,240	248,766	-	543,006	327,305	3,416	873,727
Costs to be recovered from future revenues	228,425	6,747	-	235,172	216,961	-	452,133
Investment in The Energy Authority	6,384	-	-	6,384	-	-	6,384
Other assets	9,241	-	-	9,241	7,045	-	16,286
Total noncurrent assets	538,290	255,513	-	793,803	551,311	3,416	1,348,530
Capital assets:							
Land and easements	95,177	6,660	-	101,837	59,288	3,051	164,176
Plant in service	5,142,008	1,347,433	-	6,489,441	4,192,310	53,662	10,735,413
Less accumulated depreciation	(2,623,151)	(831,055)	-	(3,454,206)	(1,836,358)	(21,052)	(5,311,616)
Plant in service, net	2,614,034	523,038	-	3,137,072	2,415,240	35,661	5,587,973
Construction work in progress	129,558	16,144	-	145,702	127,339	629	273,670
Net capital assets	2,743,592	539,182	-	3,282,774	2,542,579	36,290	5,861,643
Total assets	3,914,610	906,883	-	4,821,493	3,237,342	44,220	8,103,055
Deferred outflows of resources							
Unamortized losses on refundings	81,641	16,888	-	98,529	47,260	214	146,003
Accumulated decrease in fair value of interest swaps derivatives	135,571	-	-	135,571	32,296	-	167,867
Unrealized pension contributions and losses	48,712	4,115	-	52,827	31,143	-	83,970
Accumulated decrease in fair value of fuel hedging derivatives	2,904	-	-	2,904	-	-	2,904
Total deferred outflows of resources	268,828	21,003	-	289,831	110,699	214	400,744
Total assets and deferred outflows of resources	\$ 4,183,438	\$ 927,886	\$ -	\$ 5,111,324	\$ 3,348,041	\$ 44,434	\$ 8,503,799

Combining Statement of Net Position
(in thousands - unaudited) May 2016

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Liabilities							
Current liabilities:							
Accounts and accrued expenses payable	\$ 52,483	\$ 6,391	\$ -	\$ 58,874	\$ 12,152	\$ 6	\$ 71,032
Customer deposits	41,869	-	-	41,869	14,081	-	55,950
City of Jacksonville payable	7,643	-	-	7,643	2,017	-	9,660
Compensated absences due within one year	1,824	1,486	-	3,310	1,217	7	4,534
State utility taxes payable	2,332	-	-	2,332	-	-	2,332
Total current liabilities	106,151	7,877	-	114,028	29,467	13	143,508
Current liabilities payable from restricted assets:							
Revenue bonds and line of credit due within one year	102,240	43,785	-	146,025	33,875	1,625	181,525
Renewal and replacement reserve	-	79,427	-	79,427	-	-	79,427
Interest payable	15,452	3,553	-	19,005	10,900	233	30,138
Construction contracts and accounts payable	5,298	13,083	-	18,381	5,236	52	23,669
Total current liabilities payable from restricted assets	122,990	139,848	-	262,838	50,011	1,910	314,759
Noncurrent liabilities:							
Net pension liability	246,724	4,163	-	250,887	157,743	-	408,630
Compensated absences due after one year	17,106	1,097	-	18,203	6,328	42	24,573
Environmental liabilities	18,662	-	-	18,662	-	-	18,662
OPEB liability	536	-	-	536	315	-	851
Other liabilities	2,904	-	-	2,904	1,611	-	4,515
Total noncurrent liabilities	285,932	5,260	-	291,192	165,997	42	457,231
Long-term debt:							
Bonds payable, less current portion	2,369,215	450,215	-	2,819,430	1,612,640	38,125	4,470,195
Unamortized premium (discount)	73,479	19,325	-	92,804	56,566	(45)	149,325
Fair value of debt management strategy instruments	135,571	-	-	135,571	32,296	-	167,867
Total long-term debt	2,578,265	469,540	-	3,047,805	1,701,502	38,080	4,787,387
Total liabilities	3,093,338	622,525	-	3,715,863	1,946,977	40,045	5,702,885
Deferred inflows of resources							
Revenues to be used for future costs	330,276	163,527	-	493,803	24,362	-	518,165
Unrealized pension gains	16,446	2,835	-	19,281	10,515	-	29,796
Total deferred inflows of resources	346,722	166,362	-	513,084	34,877	-	547,961
Net position							
Net investment in capital assets	308,118	4,266	-	312,384	1,120,583	(3,253)	1,429,714
Restricted	213,355	27,655	-	241,010	215,058	3,183	459,251
Unrestricted	221,905	107,078	-	328,983	30,546	4,459	363,988
Total net position	743,378	138,999	-	882,377	1,366,187	4,389	2,252,953
Total liabilities, deferred inflows of resources, and net position	\$ 4,183,438	\$ 927,886	\$ -	\$ 5,111,324	\$ 3,348,041	\$ 44,434	\$ 8,503,799

JEA
Combining Statement of Net Position
(in thousands - unaudited) May 2015 restated

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Assets							
Current assets:							
Cash and cash equivalents	\$ 72,474	\$ 32,856	\$ -	\$ 105,330	\$ 37,944	\$ 3,846	\$ 147,120
Investments	272,445	34,822	-	307,267	7,076	-	314,343
Customer accounts receivable, less allowance for doubtful accounts of \$4,159	148,730	-	-	148,730	38,827	556	188,113
Miscellaneous accounts receivable	13,179	25,073	-	38,252	2,871	-	41,123
Interest receivable	1,071	-	-	1,071	871	-	1,942
Inventories, less reserve of \$471:							
Fuel inventory - Electric System	31,472	34,861	-	66,333	-	-	66,333
Fuel inventory - Plant Scherer	4,129	-	-	4,129	-	-	4,129
Materials and supplies - Water and Sewer	-	-	-	-	43,428	-	43,428
Materials and supplies - Electric System	-	19,941	-	19,941	-	-	19,941
Materials and supplies - Plant Scherer	2,088	-	-	2,088	-	-	2,088
Total current assets	545,588	147,553	-	693,141	131,017	4,402	828,560
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	384	28,188	-	28,572	734	3,858	33,164
Investments	345,356	239,914	-	585,270	348,065	-	933,335
Accounts and interest receivable	2,265	1,301	-	3,566	1,990	-	5,556
Total restricted assets	348,005	269,403	-	617,408	350,789	3,858	972,055
Costs to be recovered from future revenues	229,371	9,307	-	238,678	137,368	-	376,046
Investment in The Energy Authority	7,382	-	-	7,382	-	-	7,382
Notes receivable - City of Jacksonville	-	-	-	-	189	-	189
Other assets	8,759	-	-	8,759	10,255	-	19,014
Total noncurrent assets	593,517	278,710	-	872,227	498,601	3,858	1,374,686
Capital assets:							
Land and easements	95,412	6,660	-	102,072	62,254	3,051	167,377
Plant in service	5,052,658	1,371,388	-	6,424,046	4,109,927	52,416	10,586,389
Less accumulated depreciation	(2,437,143)	(798,698)	-	(3,235,841)	(1,596,310)	(18,759)	(4,850,910)
Plant in service, net	2,710,927	579,350	-	3,290,277	2,575,871	36,708	5,902,856
Construction work in progress	78,640	11,138	-	89,778	82,109	512	172,399
Capital assets, net	2,789,567	590,488	-	3,380,055	2,657,980	37,220	6,075,255
Total assets	3,928,672	1,016,751	-	4,945,423	3,287,598	45,480	8,278,501
Deferred outflows of resources							
Unamortized losses on refundings	86,686	21,964	-	108,650	49,843	222	158,715
Accumulated decrease in fair value of interest swaps derivatives	123,754	-	-	123,754	29,389	-	153,143
Unrealized pension contributions and losses	21,157	4,447	-	25,604	13,527	-	39,131
Accumulated decrease in fair value of fuel hedging derivatives	1,891	-	-	1,891	-	-	1,891
Total deferred outflows of resources	233,488	26,411	-	259,899	92,759	222	352,880
Total assets and deferred outflows of resources	\$ 4,162,160	\$ 1,043,162	\$ -	\$ 5,205,322	\$ 3,380,357	\$ 45,702	\$ 8,631,381

JEA
Combining Statement of Net Position
(in thousands - unaudited) May 2015 restated

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Liabilities							
Current liabilities:							
Accounts and accrued expenses payable	\$ 62,096	\$ 14,159	\$ -	\$ 76,255	\$ 9,127	\$ 16	\$ 85,398
Customer deposits	42,989	-	-	42,989	12,969	-	55,958
City of Jacksonville payable	7,509	-	-	7,509	1,851	-	9,360
Compensated absences due within one year	3,950	1,486	-	5,436	710	6	6,152
State utility taxes payable	2,365	-	-	2,365	-	-	2,365
Total current liabilities	118,909	15,645	-	134,554	24,657	22	159,233
Current liabilities payable from restricted assets:							
Revenue bonds and line of credit due within one year	98,765	50,945	-	149,710	36,180	1,610	187,500
Renewal and replacement reserve	-	83,661	-	83,661	-	-	83,661
Interest payable	16,277	4,221	-	20,498	11,563	235	32,296
Construction contracts and accounts payable	3,443	11,209	-	14,652	3,733	-	18,385
Total current liabilities payable from restricted assets	118,485	150,036	-	268,521	51,476	1,845	321,842
Noncurrent liabilities:							
Net pension liability	235,941	9,201	-	245,142	150,848	-	395,990
Compensated absences due after one year	13,079	1,280	-	14,359	6,205	55	20,619
Environmental liabilities	18,662	-	-	18,662	-	-	18,662
OPEB liability	1,622	-	-	1,622	938	-	2,560
Other liabilities	1,891	-	-	1,891	2,617	-	4,508
Total noncurrent liabilities	271,195	10,481	-	281,676	160,608	55	442,339
Long-term debt:							
Bonds payable, less current portion	2,498,685	524,205	-	3,022,890	1,716,880	39,750	4,779,520
Unamortized premium (discount), net	86,945	29,754	-	116,699	64,468	(50)	181,117
Fair value of debt management strategy instruments	123,754	-	-	123,754	29,389	-	153,143
Commercial paper notes payable	40,800	-	-	40,800	-	-	40,800
Total long-term debt	2,750,184	553,959	-	3,304,143	1,810,737	39,700	5,154,580
Total liabilities	3,258,773	730,121	-	3,988,894	2,047,478	41,622	6,077,994
Deferred inflows of resources							
Revenues to be used for future costs	243,209	174,079	-	417,288	30,904	-	448,192
Total deferred inflows of resources	243,209	174,079	-	417,288	30,904	-	448,192
Net position							
Net investment in capital assets	181,487	(36,232)	-	145,255	1,013,744	(3,868)	1,155,131
Restricted	262,282	44,566	-	306,848	237,879	3,623	548,350
Unrestricted	216,409	130,628	-	347,037	50,352	4,325	401,714
Total net position	660,178	138,962	-	799,140	1,301,975	4,080	2,105,195
Total liabilities, deferred inflows of resources, and net position	\$ 4,162,160	\$ 1,043,162	\$ -	\$ 5,205,322	\$ 3,380,357	\$ 45,702	\$ 8,631,381

	Electric System and Bulk Power Supply System	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Unrestricted cash and investments						
Operations	\$ 73,317	\$ 10,714	\$ 84,031	\$ 21,709	\$ 1,376	\$ 107,116
Rate stabilization:						
Fuel	161,965	-	161,965	-	-	161,965
Debt management	42,126	-	42,126	20,290	2,737	65,153
Environmental	27,739	-	27,739	4,072	-	31,811
Purchased Power	36,457	-	36,457	-	-	36,457
DSM/Conservation	2,849	-	2,849	-	-	2,849
Total rate stabilization funds	271,136	-	271,136	24,362	2,737	298,235
General reserve	-	17,822	17,822	-	-	17,822
Customer deposits	41,693	-	41,693	14,081	-	55,774
Self insurance reserve funds:						
Self funded health plan	12,532	-	12,532	-	-	12,532
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	22,532	-	22,532	-	-	22,532
Environmental liability reserve	18,662	-	18,662	-	-	18,662
Total unrestricted cash and investments	\$ 427,340	\$ 28,536	\$ 455,876	\$ 60,152	\$ 4,113	\$ 520,141
Restricted assets						
Renewal and replacement funds	\$ 141,239	\$ 79,326	\$ 220,565	\$ 179,090	\$ 2,100	\$ 401,755
Debt service reserve account	65,433	136,951	202,384	108,086	-	310,470
Debt service funds	82,415	29,597	112,012	33,127	1,316	146,455
Construction funds	-	-	-	681	-	681
Environmental funds	-	-	-	458	-	458
Subtotal	289,087	245,874	534,961	321,442	3,416	859,819
Unrealized holding gain (loss) on investments	4,092	(1,249)	2,843	5,053	-	7,896
Other funds	37	2,860	2,897	-	-	2,897
Total restricted cash and investments	\$ 293,216	\$ 247,485	\$ 540,701	\$ 326,495	\$ 3,416	\$ 870,612

JEA
Schedule of Cash and Investments
(in thousands - unaudited) May 2015 restated

	Electric System and Bulk Power Supply System	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Unrestricted cash and investments						
Operations	\$ 80,714	\$ 9,219	\$ 89,933	\$ 11,761	\$ 1,109	\$ 102,803
Rate stabilization:						
Fuel	105,364	-	105,364	-	-	105,364
Debt management	42,126	-	42,126	20,290	2,737	65,153
Environmental	20,919	-	20,919	-	-	20,919
Purchased Power	12,000	-	12,000	-	-	12,000
DSM/Conservation	3,272	-	3,272	-	-	3,272
Total rate stabilization funds	183,681	-	183,681	20,290	2,737	206,708
General reserve	-	58,459	58,459	-	-	58,459
Customer deposits	42,821	-	42,821	12,969	-	55,790
Self insurance reserve funds:						
Self funded health plan	9,041	-	9,041	-	-	9,041
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	19,041	-	19,041	-	-	19,041
Environmental liability reserve	18,662	-	18,662	-	-	18,662
Total unrestricted cash and investments	\$ 344,919	\$ 67,678	\$ 412,597	\$ 45,020	\$ 3,846	\$ 461,463
Restricted assets						
Renewal and replacement funds	\$ 190,604	\$ 83,526	\$ 274,130	\$ 180,122	\$ 2,550	\$ 456,802
Debt service reserve account	69,446	135,478	204,924	114,182	-	319,106
Debt service funds	80,400	34,846	115,246	35,212	1,308	151,766
Environmental funds	-	-	-	13,813	-	13,813
Construction funds	8	293	301	664	-	965
Subtotal	340,458	254,143	594,601	343,993	3,858	942,452
Unrealized holding gain (loss) on investments	4,928	(550)	4,378	4,736	-	9,114
Other funds	354	14,509	14,863	70	-	14,933
Total restricted cash and investments	\$ 345,740	\$ 268,102	\$ 613,842	\$ 348,799	\$ 3,858	\$ 966,499

JEA
Regulatory Accounting Balances
(in thousands - unaudited) May 2016

DESCRIPTION	Electric System and Bulk Power	SJRPP System	Total Electric	Water and Sewer	Total JEA
	Supply System		Enterprise Fund	Enterprise Fund	
Pension	214,133	2,883	217,016	136,905	353,921
Environmental	-	-	-	79,811	79,811
Scherer	12,040	-	12,040	-	12,040
Bond issue costs	2,252	3,864	6,116	245	6,361
Costs to be recovered from future revenues	228,425	6,747	235,172	216,961	452,133
SJRPP	-	163,527	163,527	-	163,527
Fuel	161,966	-	161,966	-	161,966
Debt management	42,126	-	42,126	20,290	62,416
Scherer	46,608	-	46,608	-	46,608
Purchased power	36,457	-	36,457	-	36,457
Environmental	27,739	-	27,739	4,072	31,811
Health self-insurance	12,532	-	12,532	-	12,532
DSM	2,848	-	2,848	-	2,848
Revenues to be used for future costs	330,276	163,527	493,803	\$ 24,362	518,165

JEA
Regulatory Accounting Balances
(in thousands - unaudited) May 2015 restated

DESCRIPTION	Electric System and Bulk Power	SJRPP System	Total Electric	Water and Sewer	Total JEA
	Supply System		Enterprise Fund	Enterprise Fund	
Pension	214,459	4,754	219,213	137,113	356,326
Scherer	13,211	-	13,211	-	13,211
Bond issue costs	1,701	4,553	6,254	255	6,509
Costs to be recovered from future revenues	229,371	9,307	238,678	137,368	376,046
SJRPP	-	174,079	174,079	-	174,079
Fuel	105,364	-	105,364	-	105,364
Debt management	42,126	-	42,126	20,290	62,416
Scherer	50,486	-	50,486	-	50,486
Purchased power	12,000	-	12,000	-	12,000
Environmental	20,919	-	20,919	10,614	31,533
Health self-insurance	9,042	-	9,042	-	9,042
DSM	3,272	-	3,272	-	3,272
Revenues to be used for future costs	243,209	174,079	417,288	\$ 30,904	448,192

Statements of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited)

	Month		Year-To-Date	
	May		May	
	2016	2015 restated	2016	2015 restated
Operating revenues				
Electric - base	\$ 68,929	\$ 68,189	\$ 485,551	\$ 492,419
Electric - fuel and purchased power	39,148	46,372	303,688	356,315
Water and sewer	37,096	35,380	265,312	248,003
District energy system	713	571	5,328	5,295
Other	2,600	3,011	21,086	24,013
Total operating revenues	148,486	153,523	1,080,965	1,126,045
Operating expenses				
Operations:				
Fuel	28,695	38,365	239,075	295,440
Purchased power	8,323	4,022	41,307	32,291
Other	22,808	21,825	184,526	162,203
Depreciation	31,274	30,296	253,335	244,532
Maintenance	9,767	7,686	65,801	72,764
State utility and franchise taxes	5,478	5,470	42,962	44,391
Recognition of deferred costs and revenues, net	(426)	(931)	(5,079)	(7,188)
Total operating expenses	105,919	106,733	821,927	844,433
Operating income	42,567	46,790	259,038	281,612
Nonoperating revenues (expenses)				
Interest on debt	(13,578)	(14,431)	(109,227)	(118,479)
Debt management strategy	(1,499)	(1,648)	(12,845)	(12,925)
Net increase in fair value of investments	-	-	1,996	3,570
Investment income	950	955	8,983	7,098
Other revenue	631	1,045	7,057	6,532
Allowance for funds used during construction	810	494	5,513	3,201
Loss on sale of asset	-	-	-	(78)
Earnings from The Energy Authority	926	82	2,881	940
Other interest, net	(6)	(10)	(303)	(50)
Other expense	(29)	-	(245)	(13)
Total nonoperating expenses, net	(11,795)	(13,513)	(96,190)	(110,204)
Income before contributions and special item	30,772	33,277	162,848	171,408
Contributions (to) from				
General Fund, City of Jacksonville, Florida	(9,515)	(9,307)	(91,125)	(74,458)
Developers and other	3,456	6,470	39,254	35,566
Reduction of plant cost through contributions	(1,278)	(4,199)	(24,933)	(22,712)
Total contributions	(7,337)	(7,036)	(76,804)	(61,604)
Special Item	-	-	-	151,490
Change in net position	23,435	26,241	86,044	261,294
Net position, beginning of period	2,229,518	2,078,954	2,166,909	1,843,901
Net position, end of period	\$ 2,252,953	\$ 2,105,195	\$ 2,252,953	\$ 2,105,195

Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the month ended May 2016

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	\$ 69,220	\$ -	\$ -	\$ 69,220	\$ -	\$ -	\$ (291)	\$ 68,929
Electric - fuel and purchased power	31,627	17,189	(8,577)	40,239	-	-	(1,091)	39,148
Water and sewer	-	-	-	-	37,177	-	(81)	37,096
District energy system	-	-	-	-	-	713	-	713
Other	1,964	-	-	1,964	816	-	(180)	2,600
Total operating revenues	102,811	17,189	(8,577)	111,423	37,993	713	(1,643)	148,486
Operating expenses								
Operations:								
Fuel	20,506	8,189	-	28,695	-	-	-	28,695
Purchased power	16,900	-	(8,577)	8,323	-	-	-	8,323
Other	13,486	1,412	-	14,898	9,264	289	(1,643)	22,808
Depreciation	15,671	3,563	-	19,234	11,849	191	-	31,274
Maintenance	6,064	2,548	-	8,612	1,092	63	-	9,767
State utility and franchise taxes	4,602	-	-	4,602	876	-	-	5,478
Recognition of deferred costs and revenues, net	(218)	(970)	-	(1,188)	762	-	-	(426)
Total operating expenses	77,011	14,742	(8,577)	83,176	23,843	543	(1,643)	105,919
Operating income	25,800	2,447	-	28,247	14,150	170	-	42,567
Nonoperating revenues (expenses)								
Interest on debt	(6,422)	(2,211)	-	(8,633)	(4,827)	(118)	-	(13,578)
Debt management strategy	(1,197)	-	-	(1,197)	(302)	-	-	(1,499)
Investment income	377	350	-	727	221	2	-	950
Other revenue	386	34	-	420	211	-	-	631
Allowance for funds used during construction	400	-	-	400	409	1	-	810
Earnings from The Energy Authority	926	-	-	926	-	-	-	926
Other interest, net	(6)	-	-	(6)	-	-	-	(6)
Other expense	(29)	-	-	(29)	-	-	-	(29)
Total nonoperating expenses, net	(5,565)	(1,827)	-	(7,392)	(4,288)	(115)	-	(11,795)
Income before contributions and special item	20,235	620	-	20,855	9,862	55	-	30,772
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(7,643)	-	-	(7,643)	(1,872)	-	-	(9,515)
Developers and other	-	-	-	-	3,456	-	-	3,456
Reduction of plant cost through contributions	-	-	-	-	(1,278)	-	-	(1,278)
Total contributions	(7,643)	-	-	(7,643)	306	-	-	(7,337)
Change in net position	12,592	620	-	13,212	10,168	55	-	23,435
Net position, beginning of period	730,786	138,379	-	869,165	1,356,019	4,334	-	2,229,518
Net position, end of period	\$ 743,378	\$ 138,999	\$ -	\$ 882,377	\$ 1,366,187	\$ 4,389	\$ -	\$ 2,252,953

Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the month ended May 2015 restated

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	\$ 68,407	\$ -	\$ -	\$ 68,407	\$ -	\$ -	\$ (218)	\$ 68,189
Electric - fuel and purchased power	36,109	25,052	(13,968)	47,193	-	-	(821)	46,372
Water and sewer	-	-	-	-	35,421	-	(41)	35,380
District energy system	-	-	-	-	-	571	-	571
Other	2,439	-	-	2,439	779	-	(207)	3,011
Total operating revenues	106,955	25,052	(13,968)	118,039	36,200	571	(1,287)	153,523
Operating expenses								
Operations:								
Fuel	23,936	14,429	-	38,365	-	-	-	38,365
Purchased power	17,990	-	(13,968)	4,022	-	-	-	4,022
Other	11,900	1,670	-	13,570	9,214	328	(1,287)	21,825
Depreciation	15,633	3,476	-	19,109	10,997	190	-	30,296
Maintenance	3,528	2,952	-	6,480	1,140	66	-	7,686
State utility and franchise taxes	4,624	-	-	4,624	846	-	-	5,470
Recognition of deferred costs and revenues, net	(312)	(609)	-	(921)	(10)	-	-	(931)
Total operating expenses	77,299	21,918	(13,968)	85,249	22,187	584	(1,287)	106,733
Operating income	29,656	3,134	-	32,790	14,013	(13)	-	46,790
Nonoperating revenues (expenses)								
Interest on debt	(6,612)	(2,664)	-	(9,276)	(5,036)	(119)	-	(14,431)
Debt management strategy	(1,278)	-	-	(1,278)	(370)	-	-	(1,648)
Investment income	393	310	-	703	252	-	-	955
Other revenue	363	34	-	397	648	-	-	1,045
Allowance for funds used during construction	235	-	-	235	258	1	-	494
Earnings from The Energy Authority	82	-	-	82	-	-	-	82
Other interest, net	(10)	-	-	(10)	-	-	-	(10)
Total nonoperating expenses, net	(6,827)	(2,320)	-	(9,147)	(4,248)	(118)	-	(13,513)
Income before contributions	22,829	814	-	23,643	9,765	(131)	-	33,277
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(7,509)	-	-	(7,509)	(1,798)	-	-	(9,307)
Developers and other	-	-	-	-	6,470	-	-	6,470
Reduction of plant cost through contributions	-	-	-	-	(4,199)	-	-	(4,199)
Total contributions	(7,509)	-	-	(7,509)	473	-	-	(7,036)
Change in net position	15,320	814	-	16,134	10,238	(131)	-	26,241
Net position, beginning of period	644,858	138,148	-	783,006	1,291,737	4,211	-	2,078,954
Net position, end of period	\$ 660,178	\$ 138,962	\$ -	\$ 799,140	\$ 1,301,975	\$ 4,080	\$ -	\$ 2,105,195

Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the eight months ended May 2016

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	\$ 487,621	\$ -	\$ -	\$ 487,621	\$ -	\$ -	\$ (2,070)	\$ 485,551
Electric - fuel and purchased power	236,380	146,345	(71,248)	311,477	-	-	(7,789)	303,688
Water and sewer	-	-	-	-	265,728	-	(416)	265,312
District energy system	-	-	-	-	-	5,328	-	5,328
Other	16,208	-	-	16,208	6,320	-	(1,442)	21,086
Total operating revenues	<u>740,209</u>	<u>146,345</u>	<u>(71,248)</u>	<u>815,306</u>	<u>272,048</u>	<u>5,328</u>	<u>(11,717)</u>	<u>1,080,965</u>
Operating expenses								
Operations:								
Fuel	159,879	79,196	-	239,075	-	-	-	239,075
Purchased power	112,555	-	(71,248)	41,307	-	-	-	41,307
Other	101,088	14,729	-	115,817	78,391	2,035	(11,717)	184,526
Depreciation	128,311	28,503	-	156,814	94,994	1,527	-	253,335
Maintenance	43,879	12,064	-	55,943	9,081	777	-	65,801
State utility and franchise taxes	36,320	-	-	36,320	6,642	-	-	42,962
Recognition of deferred costs and revenues, net	(1,744)	(7,868)	-	(9,612)	4,533	-	-	(5,079)
Total operating expenses	<u>580,288</u>	<u>126,624</u>	<u>(71,248)</u>	<u>635,664</u>	<u>193,641</u>	<u>4,339</u>	<u>(11,717)</u>	<u>821,927</u>
Operating income	<u>159,921</u>	<u>19,721</u>	<u>-</u>	<u>179,642</u>	<u>78,407</u>	<u>989</u>	<u>-</u>	<u>259,038</u>
Nonoperating revenues (expenses)								
Interest on debt	(51,853)	(17,691)	-	(69,544)	(38,742)	(941)	-	(109,227)
Debt management strategy	(10,037)	-	-	(10,037)	(2,808)	-	-	(12,845)
Investment income	4,178	2,657	-	6,835	2,134	14	-	8,983
Other revenue	3,092	273	-	3,365	3,692	-	-	7,057
Allowance for funds used during construction	2,714	-	-	2,714	2,789	10	-	5,513
Net increase in fair value of investments	858	44	-	902	1,094	-	-	1,996
Earnings from The Energy Authority	2,881	-	-	2,881	-	-	-	2,881
Other interest, net	(257)	-	-	(257)	(46)	-	-	(303)
Other expense	(207)	-	-	(207)	(38)	-	-	(245)
Total nonoperating expenses, net	<u>(48,631)</u>	<u>(14,717)</u>	<u>-</u>	<u>(63,348)</u>	<u>(31,925)</u>	<u>(917)</u>	<u>-</u>	<u>(96,190)</u>
Income before contributions	<u>111,290</u>	<u>5,004</u>	<u>-</u>	<u>116,294</u>	<u>46,482</u>	<u>72</u>	<u>-</u>	<u>162,848</u>
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(73,147)	-	-	(73,147)	(17,978)	-	-	(91,125)
Developers and other	-	-	-	-	39,254	-	-	39,254
Reduction of plant cost through contributions	-	-	-	-	(24,933)	-	-	(24,933)
Total contributions	<u>(73,147)</u>	<u>-</u>	<u>-</u>	<u>(73,147)</u>	<u>(3,657)</u>	<u>-</u>	<u>-</u>	<u>(76,804)</u>
Change in net position	38,143	5,004	-	43,147	42,825	72	-	86,044
Net position, beginning of year	705,235	133,995	-	839,230	1,323,362	4,317	-	2,166,909
Net position, end of period	<u>\$ 743,378</u>	<u>\$ 138,999</u>	<u>\$ -</u>	<u>\$ 882,377</u>	<u>\$ 1,366,187</u>	<u>\$ 4,389</u>	<u>\$ -</u>	<u>\$ 2,252,953</u>

Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the eight months ended May 2015 restated

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	\$ 494,508	\$ -	\$ -	\$ 494,508	\$ -	\$ -	\$ (2,089)	\$ 492,419
Electric - fuel and purchased power	282,777	183,827	(102,430)	364,174	-	-	(7,859)	356,315
Water and sewer	-	-	-	-	248,346	-	(343)	248,003
District energy	-	-	-	-	-	5,295	-	5,295
Other	19,902	-	-	19,902	5,783	-	(1,672)	24,013
Total operating revenues	797,187	183,827	(102,430)	878,584	254,129	5,295	(11,963)	1,126,045
Operating expenses								
Operations:								
Fuel	191,686	103,754	-	295,440	-	-	-	295,440
Purchased power	134,721	-	(102,430)	32,291	-	-	-	32,291
Other	86,100	14,933	-	101,033	70,951	2,182	(11,963)	162,203
Depreciation	127,158	28,416	-	155,574	87,437	1,521	-	244,532
Maintenance	46,206	17,069	-	63,275	8,759	730	-	72,764
State utility and franchise taxes	37,899	-	-	37,899	6,492	-	-	44,391
Recognition of deferred costs and revenues, net	(2,499)	(4,618)	-	(7,117)	(71)	-	-	(7,188)
Total operating expenses	621,271	159,554	(102,430)	678,395	173,568	4,433	(11,963)	844,433
Operating income	175,916	24,273	-	200,189	80,561	862	-	281,612
Nonoperating revenues (expenses)								
Interest on debt	(54,780)	(21,353)	-	(76,133)	(41,398)	(948)	-	(118,479)
Debt management strategy	(10,329)	-	-	(10,329)	(2,596)	-	-	(12,925)
Investment income	2,651	2,415	-	5,066	2,029	3	-	7,098
Other revenue	2,931	272	-	3,203	3,329	-	-	6,532
Allowance for funds used during construction	1,468	-	-	1,468	1,726	7	-	3,201
Net increase in fair value of investments	1,730	637	-	2,367	1,203	-	-	3,570
Loss on sale of asset	(78)	-	-	(78)	-	-	-	(78)
Earnings from The Energy Authority	940	-	-	940	-	-	-	940
Other interest, net	(50)	-	-	(50)	-	-	-	(50)
Other expense	(13)	-	-	(13)	-	-	-	(13)
Total nonoperating expenses, net	(55,530)	(18,029)	-	(73,559)	(35,707)	(938)	-	(110,204)
Income before contributions and special item	120,386	6,244	-	126,630	44,854	(76)	-	171,408
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(60,072)	-	-	(60,072)	(14,386)	-	-	(74,458)
Developers and other	-	-	-	-	35,566	-	-	35,566
Reduction of plant cost through contributions	-	-	-	-	(22,712)	-	-	(22,712)
Total contributions	(60,072)	-	-	(60,072)	(1,532)	-	-	(61,604)
Special Item								
	34,667	-	-	34,667	116,823	-	-	151,490
Change in net position								
Change in net position	94,981	6,244	-	101,225	160,145	(76)	-	261,294
Net position, beginning of year	565,197	132,718	-	697,915	1,141,830	4,156	-	1,843,901
Net position, end of period	\$ 660,178	\$ 138,962	\$ -	\$ 799,140	\$ 1,301,975	\$ 4,080	\$ -	\$ 2,105,195

Statement of Cash Flows
(in thousands - unaudited)

	Year-To-Date	
	May	
	2016	2015 restated
Operating activities		
Receipts from customers	\$ 1,186,659	\$ 1,255,292
Payments to suppliers	(545,740)	(606,541)
Payments to employees	(153,971)	(145,457)
Other receipts	26,361	25,066
Net cash provided by operating activities	<u>513,309</u>	<u>528,360</u>
Noncapital and related financing activities		
Contribution to General Fund, City of Jacksonville, Florida	(90,810)	(74,246)
Build America Bonds subsidies	3,626	3,627
Payment from City of Jacksonville, Florida	37	-
Net cash used in noncapital financing activities	<u>(87,147)</u>	<u>(70,619)</u>
Capital and related financing activities		
Repayment of debt principal	(187,500)	(257,869)
Interest paid on debt	(188,526)	(200,885)
Acquisition and construction of capital assets	(179,544)	(120,442)
Contribution from developers and others	14,321	12,854
Proceeds from issuance of debt	3,000	156,450
Proceeds from disposal of assets	861	(396)
Debt issue costs and discounts	(16)	10,352
Defeasance of debt	-	(160,968)
Net cash used in capital and related financing activities	<u>(537,404)</u>	<u>(560,904)</u>
Investing activities		
Purchase of investments	(1,359,276)	(1,188,322)
Proceeds from sale and maturities of investments	1,062,020	874,202
Investment income	8,575	6,316
Distributions from The Energy Authority	3,988	1,629
Net cash used in investing activities	<u>(284,693)</u>	<u>(306,175)</u>
Net change in cash and cash equivalents	(395,935)	(409,338)
Cash and cash equivalents, beginning of year	636,074	589,622
Cash and cash equivalents, end of period	<u>\$ 240,139</u>	<u>\$ 180,284</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 259,038	\$ 281,612
Adjustments:		
Depreciation and amortization	256,050	245,520
Recognition of deferred costs and revenues, net	(5,079)	(7,188)
Gain on sale of noncore assets	1,951	1,682
Changes in noncash assets and noncash liabilities:		
Accounts receivable	38,430	19,848
Accounts receivable, restricted	3,324	(697)
Inventories	(18,855)	970
Other assets	(1,034)	(378)
Accounts and expenses payable	(30,749)	(17,312)
Liabilities payable, restricted	(10,446)	(9,583)
Other noncurrent liabilities and deferred inflows	20,679	13,886
Net cash provided by operating activities	<u>\$ 513,309</u>	<u>\$ 528,360</u>
Noncash activity		
Contribution of capital assets from developers	<u>\$ 24,933</u>	<u>\$ 22,712</u>

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating activities								
Receipts from customers	\$ 777,748	\$ 146,345	\$ -	\$ 924,093	\$ 266,949	\$ 5,892	\$ (10,275)	\$ 1,186,659
Payments to suppliers	(368,931)	(131,145)	-	(500,076)	(54,856)	(2,525)	11,717	(545,740)
Payments to employees	(100,578)	(15,999)	-	(116,577)	(37,075)	(319)	-	(153,971)
Other receipts	17,894	-	-	17,894	9,909	-	(1,442)	26,361
Net cash provided by operating activities	326,133	(799)	-	325,334	184,927	3,048	-	513,309
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(73,013)	-	-	(73,013)	(17,797)	-	-	(90,810)
Build America Bonds subsidies	2,170	205	-	2,375	1,251	-	-	3,626
Payment from the City of Jacksonville, Florida	37	-	-	37	-	-	-	37
Net cash used in noncapital financing activities	(70,806)	205	-	(70,601)	(16,546)	-	-	(87,147)
Capital and related financing activities								
Repayment of debt principal	(98,765)	(50,945)	-	(149,710)	(36,180)	(1,610)	-	(187,500)
Interest paid on debt	(98,054)	(22,094)	-	(120,148)	(66,974)	(1,404)	-	(188,526)
Acquisition and construction of capital assets	(94,532)	-	-	(94,532)	(84,219)	(793)	-	(179,544)
Contribution from developers and others	-	-	-	-	14,321	-	-	14,321
Proceeds from issuance of debt	-	-	-	-	3,000	-	-	3,000
Proceeds from disposal of assets	535	-	-	535	326	-	-	861
Debt issue costs and discounts	(16)	-	-	(16)	-	-	-	(16)
Net cash used in capital and related financing activities	(290,832)	(73,039)	-	(363,871)	(169,726)	(3,807)	-	(537,404)
Investing activities								
Purchase of investments	(736,877)	(292,748)	-	(1,029,625)	(329,651)	-	-	(1,359,276)
Proceeds from sale and maturities of investments	553,085	278,795	-	831,880	230,140	-	-	1,062,020
Investment income	4,206	2,389	-	6,595	1,966	14	-	8,575
Distributions from The Energy Authority	3,988	-	-	3,988	-	-	-	3,988
Net cash used in investing activities	(175,598)	(11,564)	-	(187,162)	(97,545)	14	-	(284,693)
Net change in cash and cash equivalents	(211,103)	(85,197)	-	(296,300)	(98,890)	(745)	-	(395,935)
Cash and cash equivalents, beginning of year	316,079	139,918	-	455,997	171,803	8,274	-	636,074
Cash and cash equivalents, end of period	\$ 104,976	\$ 54,721	\$ -	\$ 159,697	\$ 72,913	\$ 7,529	\$ -	\$ 240,139
Reconciliation of operating income to net cash provided by operating activities								
Operating income	\$ 159,921	\$ 19,721	\$ -	\$ 179,642	\$ 78,407	\$ 989	\$ -	\$ 259,038
Adjustments:								
Depreciation and amortization	128,311	28,503	-	156,814	97,709	1,527	-	256,050
Recognition of deferred costs and revenues, net	(1,744)	(7,868)	-	(9,612)	4,533	-	-	(5,079)
Gain on sale of noncore assets	(36)	-	-	(36)	1,987	-	-	1,951
Changes in noncash assets and noncash liabilities:								
Accounts receivable	39,797	919	-	40,716	(2,850)	564	-	38,430
Accounts receivable, restricted	1,722	-	-	1,722	1,602	-	-	3,324
Inventories	(1,904)	(15,552)	-	(17,456)	(1,399)	-	-	(18,855)
Other assets	(847)	-	-	(847)	(187)	-	-	(1,034)
Accounts and expenses payable	(17,351)	(15,844)	-	(33,195)	2,463	(17)	-	(30,749)
Liabilities payable, restricted	-	(10,446)	-	(10,446)	-	-	-	(10,446)
Other noncurrent liabilities and deferred inflows	18,264	(232)	-	18,032	2,662	(15)	-	20,679
Net cash provided by operating activities	\$ 326,133	\$ (799)	\$ -	\$ 325,334	\$ 184,927	\$ 3,048	\$ -	\$ 513,309
Noncash activity								
Contribution of capital assets from developers	\$ -	\$ -	\$ -	\$ -	\$ 24,933	\$ -	\$ -	\$ 24,933

Combining Statement of Cash Flows

(in thousands - unaudited) for the eight months ended May 2015 restated

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating activities								
Receipts from customers	\$ 818,233	\$ 183,827	\$ -	\$ 1,002,060	\$ 257,884	\$ 5,639	\$ (10,291)	\$ 1,255,292
Payments to suppliers	(405,650)	(161,289)	-	(566,939)	(49,004)	(2,561)	11,963	(606,541)
Payments to employees	(93,814)	(16,951)	-	(110,765)	(34,343)	(349)	-	(145,457)
Other receipts	18,860	-	-	18,860	7,878	-	(1,672)	25,066
Net cash provided by operating activities	337,629	5,587	-	343,216	182,415	2,729	-	528,360
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(59,840)	-	-	(59,840)	(14,406)	-	-	(74,246)
Build America Bonds subsidies	2,179	204	-	2,383	1,244	-	-	3,627
Net cash used in noncapital financing activities	(57,661)	204	-	(57,457)	(13,162)	-	-	(70,619)
Capital and related financing activities								
Repayment of debt principal	(79,854)	(132,085)	-	(211,939)	(44,325)	(1,605)	-	(257,869)
Interest paid on debt	(104,290)	(27,246)	-	(131,536)	(67,936)	(1,413)	-	(200,885)
Acquisition and construction of capital assets	(61,066)	-	-	(61,066)	(59,036)	(340)	-	(120,442)
Proceeds from issuance of debt	83,325	73,125	-	156,450	-	-	-	156,450
Contribution from developers and others	-	-	-	-	12,854	-	-	12,854
Proceeds from disposal of assets	(536)	-	-	(536)	140	-	-	(396)
Debt issue costs and discounts	49	10,561	-	10,610	(258)	-	-	10,352
Defeasance of debt	(83,169)	(77,801)	-	(160,970)	2	-	-	(160,968)
Net cash used in capital and related financing activities	(245,541)	(153,446)	-	(398,987)	(158,559)	(3,358)	-	(560,904)
Investing activities								
Purchase of investments	(427,234)	(420,622)	-	(847,856)	(340,466)	-	-	(1,188,322)
Proceeds from sale and maturities of investments	284,068	359,353	-	643,421	230,781	-	-	874,202
Investment income	2,536	2,028	-	4,564	1,749	3	-	6,316
Distributions from The Energy Authority	1,629	-	-	1,629	-	-	-	1,629
Net cash used in investing activities	(139,001)	(59,241)	-	(198,242)	(107,936)	3	-	(306,175)
Net change in cash and cash equivalents	(104,574)	(206,896)	-	(311,470)	(97,242)	(626)	-	(409,338)
Cash and cash equivalents, beginning of year	177,432	267,940	-	445,372	135,920	8,330	-	589,622
Cash and cash equivalents, end of period	\$ 72,858	\$ 61,044	\$ -	\$ 133,902	\$ 38,678	\$ 7,704	\$ -	\$ 180,284
Reconciliation of operating income to net cash provided by operating activities								
Operating income	\$ 175,916	\$ 24,273	\$ -	\$ 200,189	\$ 80,561	\$ 862	\$ -	\$ 281,612
Adjustments:								
Depreciation and amortization	127,158	28,416	-	155,574	88,425	1,521	-	245,520
Recognition of deferred costs and revenues, net	(2,499)	(4,618)	-	(7,117)	(71)	-	-	(7,188)
Gain on sale of noncore assets	12	-	-	12	1,670	-	-	1,682
Changes in noncash assets and noncash liabilities:								
Accounts receivable	37,058	(13,206)	-	23,852	(4,348)	344	-	19,848
Accounts receivable, restricted	(1,063)	-	-	(1,063)	366	-	-	(697)
Inventories	3,486	(4,860)	-	(1,374)	2,344	-	-	970
Other assets	(181)	-	-	(181)	(197)	-	-	(378)
Accounts and expenses payable	(1,331)	(14,789)	-	(16,120)	(1,186)	(6)	-	(17,312)
Liabilities payable, restricted	-	(9,583)	-	(9,583)	-	-	-	(9,583)
Other noncurrent liabilities and deferred inflows	(927)	(46)	-	(973)	14,851	8	-	13,886
Net cash provided by operating activities	\$ 337,629	\$ 5,587	\$ -	\$ 343,216	\$ 182,415	\$ 2,729	\$ -	\$ 528,360
Noncash activity								
Contribution of capital assets from developers	\$ -	\$ -	\$ -	\$ -	\$ 22,712	\$ -	\$ -	\$ 22,712

Electric System

Changes in Debt Service, R & R and Construction Funds

(in thousands - unaudited) for the eight months ended May 2016 and May 2015 restated

	May 2016			May 2015 restated		
	Debt service funds	Renewal and replacement funds	Construction funds	Debt service funds	Renewal and replacement funds	Construction funds
Beginning balance	\$ 211,749	\$ 148,458	\$ 4	\$ 194,776	\$ 148,110	\$ 43
Transfer from:						
Revenue fund	122,877	84,667	-	125,072	106,253	-
R & R fund	-	-	2	-	-	-
Proceeds from property sales	-	535	-	-	-	-
Debt issuance:						
Bonds	-	105	-	-	-	-
Increase in accounts payable	-	-	-	-	-	27
Total additions	122,877	85,307	2	125,072	106,253	27
Deductions:						
Interest/principal payments from sinking funds	182,764	-	-	169,757	-	-
Increase in utility plant	-	80,318	2	-	56,221	62
Decrease in accounts payable	-	11,182	4	-	4,815	-
Transfer to:						
Revenue fund	4,014	-	-	245	-	-
Construction fund	-	2	-	-	-	-
Loss from property sales	-	-	-	-	458	-
Total deductions	186,778	91,502	6	170,002	61,494	62
Ending balance	\$ 147,848	\$ 142,263	\$ -	\$ 149,846	\$ 192,869	\$ 8
Renewal and replacement fund:						
Cash & investments		\$ 141,239			\$ 190,604	
Accounts / notes receivable:						
Accounts receivable		922			2,107	
Street light & other customer loans		102			158	
		<u>\$ 142,263</u>			<u>\$ 192,869</u>	
Construction fund:						
Generation projects			\$ -			\$ 4
T& D and other capital projects			-			4
Accounts receivable			-			-
			<u>\$ -</u>			<u>\$ 8</u>

Water and Sewer System

Changes in Debt Service, R & R and Construction Funds

(in thousands - unaudited) for the eight months ended May 2016 and May 2015 restated

	May 2016				May 2015 restated			
	Debt service funds	Renewal and replacement funds	Construction funds	Environmental funds	Debt service funds	Renewal and replacement funds	Construction funds	Environmental funds
Beginning balance	\$ 176,569	\$ 149,130	\$ 664	\$ -	\$ 191,848	\$ 142,417	\$ 670	\$ -
Additions:								
Debt issuance:								
Bonds	-	70	-	-	-	-	-	-
Transfer from:								
Revenue fund	64,431	94,095	-	-	68,876	84,661	-	13,885
Proceeds from property sales	-	326	-	-	-	140	-	-
Contribution in aid of construction	-	14,321	-	-	-	12,854	-	-
Increase in accounts payable	-	-	-	458	-	-	-	-
Total additions	64,431	108,812	-	458	68,876	97,655	-	13,885
Deductions:								
Increase in utility plant	-	65,641	(42)	-	-	49,076	-	-
Interest/principal payments from sinking funds	99,023	-	-	-	108,683	-	-	-
Transfer to:								
Revenue fund	764	-	-	-	2,647	-	-	72
Decrease in accounts payable	-	13,170	25	-	-	9,954	6	-
Total deductions	99,787	78,811	(17)	-	111,330	59,030	6	72
Ending balance	\$ 141,213	\$ 179,131	\$ 681	\$ 458	\$ 149,394	\$ 181,042	\$ 664	\$ 13,813

Recap:

Renewal and replacement fund:

Cash & investments	\$ 179,090	\$ 180,122
Accounts / notes receivable:		
Accounts receivable	21	895
Notes receivable	20	25
	<u>\$ 179,131</u>	<u>\$ 181,042</u>

Construction fund:

Construction reserves	\$ -	\$ -
Accounts receivable	-	-
Project funds	681	664
	<u>\$ 681</u>	<u>\$ 664</u>

Environmental fund

Cash & investments	458	13,813
	<u>\$ 458</u>	<u>\$ 13,813</u>

Electric System	Month				Prior Year Month	
	ANNUAL BUDGET 2015-16	BUDGET 2015-16	ACTUAL 2015-16	Variance %	ACTUAL 2014-15	Variance %
Budget vs. Actual						
May 2016 and 2015 restated						
Fuel Related Revenues & Expenses						
Fuel Rate Revenues	\$ 509,884,201	\$ 43,248,135	\$ 39,709,893	-8.18%	\$ 38,666,770	2.70%
Fuel Expense and Purchased Power:						
Fuel Expense - Electric System	288,573,382	28,147,880	18,908,103		21,340,162	
Fuel Expense - SJRPP	114,020,023	6,065,000	4,845,773		8,815,265	
Other Purchased Power	81,016,238	6,502,347	7,224,745		5,851,338	
Subtotal Energy Expense	483,609,643	40,715,227	30,978,621	23.91%	36,006,765	13.96%
Transfer to (from) Rate Stabilization, Net	25,254,789	-	8,667,702		2,609,835	
Fuel Related Uncollectibles	1,019,769	84,981	63,570		50,170	
Total	509,884,201	40,800,208	39,709,893	2.67%	38,666,770	-2.70%
Fuel Balance	-	2,447,927	-		(0)	
Nonfuel Related Revenues						
Base Rate Revenues	738,360,001	62,627,343	64,060,962		63,913,034	
Conservation Charge Revenue	989,059	83,892	30,717		30,818	
Environmental Charge Revenue	7,686,000	651,923	668,590		650,066	
Investment Income	3,776,585	314,715	374,089		388,869	
Natural Gas Revenue Pass Through	12,491,417	1,040,951	15,377		-	
Other Revenues	35,447,663	2,953,972	2,276,354		2,724,692	
Total	798,750,725	67,672,796	67,426,089	-0.36%	67,707,479	-0.42%
Nonfuel Related Expenses						
Non-Fuel O&M	200,570,314	16,355,479	15,151,821		13,683,896	
DSM / Conservation O&M	8,073,925	582,127	552,691		499,894	
Environmental O&M	2,442,000	203,500	173,273		28,378	
Net Transfer to Rate Stabilization - DSM	(784,866)	(21,403)	(45,550)		(1,010)	
Transfer to Environmental Fund/RSF	5,244,000	437,000	495,317		624,003	
Natural Gas Expense Pass Through	12,140,876	1,010,434	28,903		8,147	
Debt Principal - Electric System	89,845,000	7,487,083	8,016,250		7,928,385	
Debt Interest - Electric System	107,287,899	8,940,658	8,074,579		8,462,016	
R&R - Electric System	66,155,208	5,512,934	5,197,867		5,460,179	
Operating Capital Outlay	84,337,682	-	-		15,000,000	
City Contribution Expense	91,720,182	7,643,348	7,643,348		7,509,050	
Taxes & Uncollectibles	1,703,452	141,954	117,952		100,227	
Interlocal Agreements	12,000,000	-	-		-	
Emergency Reserve	5,000,000	-	-		-	
<i>Nonfuel Purchased Power:</i>						
* SJRPP D/S Principal	37,568,750	3,130,729	2,331,563		2,958,177	
* SJRPP D/S Interest	19,174,301	1,597,858	1,430,297		1,695,584	
** Other Non-Fuel Purchased Power	56,272,002	4,689,334	4,845,481		3,034,524	
Total Nonfuel Expenses	798,750,725	57,711,035	54,013,792	6.41%	66,991,450	19.37%
Non-Fuel Balance	-	9,961,761	13,412,297		716,029	
Total Balance	-	12,409,688	13,412,297		716,029	
Total Revenues	1,308,634,926	110,920,931	107,135,982	-3.41%	106,374,249	0.72%
Total Expenses	1,308,634,926	98,511,243	93,723,685	4.86%	105,658,220	11.30%
KWH Sold - Territorial	12,600,000,000	1,068,725,994	1,089,555,000	1.95%	1,062,459,000	2.55%
KWH Sold - Off System	-	-	26,895,000		2,952,000	
	12,600,000,000	1,068,725,994	1,116,450,000	4.47%	1,065,411,000	4.79%

* Gross debt service

** Includes transmission capacity, SJRPP and Scherer R & R, O & M and Investment Income.

Electric System

Budget vs. Actual May 2016 and 2015 restated	Year-To-Date				Prior Year-To-Date	
	ANNUAL BUDGET 2015-16	BUDGET 2015-16	ACTUAL 2015-16	Variance %	ACTUAL 2014-15	Variance %
Fuel Related Revenues & Expenses						
Fuel Rate Revenues	\$ 509,884,201	\$ 313,656,816	\$ 246,863,275	-21.30%	\$ 280,686,348	-12.05%
Fuel Expense and Purchased Power:						
Fuel Expense - Electric System	288,573,382	172,851,343	143,551,068		167,955,397	
Fuel Expense - SJRPP	114,020,023	75,251,423	44,381,527		64,264,731	
Other Purchased Power	81,016,238	49,385,680	47,272,159		48,123,926	
Subtotal Energy Expense	483,609,643	297,488,446	235,204,754	20.94%	280,344,054	16.10%
Transfer to (from) Rate Stabilization, Net	25,254,789	-	11,222,587		(92,289)	
Fuel Related Uncollectibles	1,019,769	679,846	435,934		434,583	
Total	509,884,201	298,168,292	246,863,275	17.21%	280,686,348	12.05%
Fuel Balance	-	15,488,524	-		0	
Nonfuel Related Revenues						
Base Rate Revenues	738,360,001	454,204,399	450,761,588		457,057,190	
Conservation Charge Revenue	989,059	608,423	292,402		334,970	
Environmental Charge Revenue	7,686,000	4,728,066	4,674,483		4,691,165	
Investment Income	3,776,585	2,517,723	4,148,455		2,607,917	
Natural Gas Revenue Pass Through	12,491,417	8,327,611	106,066		-	
Other Revenues	35,447,663	23,631,775	18,751,429		22,109,350	
Total	798,750,725	494,017,997	478,734,423	-3.09%	486,800,591	-1.66%
Nonfuel Related Expenses						
Non-Fuel O&M	200,570,314	129,357,746	119,387,366		117,705,510	
DSM / Conservation O&M	8,073,925	5,096,216	4,116,279		4,440,262	
Environmental O&M	2,442,000	1,628,000	365,725		411,378	
Net Transfer to Rate Stabilization - DSM	(784,866)	(571,225)	(37,894)		(297,876)	
Transfer to Environmental Fund/RSF	5,244,000	3,496,000	4,308,757		4,279,787	
Natural Gas Expense Pass Through	12,140,876	8,092,926	210,246		71,610	
Debt Principal - Electric System	89,845,000	59,896,667	64,130,000		63,340,458	
Debt Interest - Electric System	107,287,899	71,525,266	65,536,182		69,569,953	
R&R - Electric System	66,155,208	44,103,472	41,582,933		43,681,433	
Operating Capital Outlay	84,337,682	43,084,420	43,084,420		62,571,316	
City Contribution Expense	91,720,182	61,146,789	61,146,788		60,072,399	
Taxes & Uncollectibles	1,703,452	1,135,634	950,451		839,240	
Interlocal Agreements	12,000,000	12,000,000	12,000,000		-	
Emergency Reserve	5,000,000	-	-		-	
<i>Nonfuel Purchased Power:</i>						
* SJRPP D/S Principal	37,568,750	25,045,833	18,652,500		23,665,417	
* SJRPP D/S Interest	19,174,301	12,782,867	11,398,708		13,564,676	
** Other Non-Fuel Purchased Power	56,272,002	37,514,669	29,183,784		21,905,397	
Total Nonfuel Expenses	798,750,725	515,335,280	476,016,245	7.63%	485,820,960	2.02%
Non-Fuel Balance	-	(21,317,283)	2,718,178		979,631	
Total Balance	-	(5,828,759)	2,718,178		979,631	
Total Revenues	1,308,634,926	807,674,813	725,597,698	-10.16%	767,486,939	-5.46%
Total Expenses	1,308,634,926	813,503,572	722,879,520	11.14%	766,507,308	5.69%
KWH Sold - Territorial	12,600,000,000	7,750,928,310	7,627,158,000	-1.60%	7,696,474,000	-0.90%
KWH Sold - Off System	-	-	45,589,000		69,793,000	
	12,600,000,000	7,750,928,310	7,672,747,000	-1.01%	7,766,267,000	-1.20%

* Gross debt service

** Includes transmission capacity, SJRPP and Scherer R & R, O & M and Investment Income.

Water and Sewer System

Budget vs. Actual May 2016 and 2015 restated	Month				Prior Year Month	
	ANNUAL BUDGET 2015-16	BUDGET 2015-16	ACTUAL 2015-16	Variance %	ACTUAL 2014-15	Variance %
REVENUES						
Water & Sewer Revenues	\$ 393,928,271	\$ 35,140,448	\$ 36,876,533		\$ 36,518,522	
Capacity & Extension Fees	17,000,000	1,416,667	2,178,616		2,267,318	
Capital Contributions	-	-	-		4,502	
Investment Income	2,759,926	229,994	217,493		247,915	
Other Income	14,769,077	800,869	1,030,238		1,431,444	
Total	428,457,274	37,587,978	40,302,880	7.22%	40,469,701	-0.41%
EXPENSES						
O & M Expenses	138,367,616	11,402,474	10,147,933		10,180,302	
Debt Principal - Water & Sewer	33,875,000	2,822,917	2,822,916		3,015,000	
Debt Interest - Water & Sewer	75,780,149	6,315,012	5,616,329		5,927,977	
Rate Stabilization - Environmental	-	-	502,246		-	
R&R - Water & Sewer	20,825,400	1,735,450	1,735,450		1,722,504	
Operating Capital Outlay	94,524,604	13,712,602	13,712,602		13,000,000	
Operating Capital Outlay - Capacity/Extension	17,000,000	1,416,667	2,178,616		2,267,318	
Operating Capital Outlay - Contributions	-	-	-		4,502	
Operating Capital Outlay - Environmental	20,758,150	1,729,846	778,703		1,875,784	
City Contribution Expense	22,467,356	1,872,280	1,872,280		1,798,245	
Uncollectibles & Fees	858,999	71,583	57,000		58,488	
Interlocal Agreements	3,000,000	-	-		-	
Emergency Reserve	1,000,000	-	-		-	
Total Expenses	428,457,274	41,078,831	39,424,075	4.03%	39,850,120	1.07%
Total Balance	\$ -	\$ (3,490,853)	\$ 878,805		\$ 619,581	
Sales kgals						
Water	34,650,000	3,311,006	3,523,068	6.40%	3,509,268	0.39%
Sewer	26,985,000	2,506,440	2,625,700	4.76%	2,604,402	0.82%
Total	61,635,000	5,817,446	6,148,768	5.70%	6,113,670	0.57%

Budget vs. Actual May 2016 and 2015 restated	Year-To-Date				Prior Year to Date	
	ANNUAL BUDGET 2015-16	BUDGET 2015-16	ACTUAL 2015-16	Variance %	ACTUAL 2014-15	Variance %
REVENUES						
Water & Sewer Revenues	\$ 393,928,271	\$ 259,063,056	\$ 263,589,828		\$ 256,178,887	
Capacity & Extension Fees	17,000,000	11,333,333	13,942,329		12,576,337	
Capital Contributions	-	-	378,795		277,253	
Investment Income	2,759,926	1,839,950	2,106,067		1,991,584	
Other Income	14,769,077	11,569,162	10,039,543		9,137,613	
Total	428,457,274	283,805,501	290,056,562	2.20%	280,161,674	3.53%
EXPENSES						
O & M Expenses	138,367,616	89,762,518	84,391,931		78,952,950	
Debt Principal - Water & Sewer	33,875,000	22,583,333	22,583,331		24,120,000	
Debt Interest - Water & Sewer	75,780,149	50,520,099	45,451,746		47,943,772	
Rate Stabilization - Environmental	-	-	3,754,343		-	
R&R - Water & Sewer	20,825,400	13,883,600	13,883,600		13,780,033	
Operating Capital Outlay	94,524,604	75,847,346	80,122,952		70,880,721	
Operating Capital Outlay - Capacity/Extension	17,000,000	11,333,333	13,942,329		12,576,337	
Operating Capital Outlay - Contributions	-	-	378,795		277,253	
Operating Capital Outlay - Environmental	20,758,150	13,838,767	4,620,912		13,812,834	
City Contribution Expense	22,467,356	14,978,237	14,978,238		14,385,960	
Uncollectibles & Fees	858,999	572,666	432,847		439,867	
Interlocal Agreements	3,000,000	3,000,000	3,000,000		-	
Emergency Reserve	1,000,000	-	-		-	
Total Expenses	428,457,274	296,319,899	287,541,024	2.96%	277,169,727	-3.74%
Total Balance	\$ -	\$ (12,514,398)	\$ 2,515,538		\$ 2,991,947	
Sales kgals						
Water	34,650,000	22,365,320	22,787,521	1.89%	22,102,592	3.10%
Sewer	26,985,000	17,376,444	18,172,230	4.58%	17,295,529	5.07%
Total	61,635,000	39,741,764	40,959,751	3.06%	39,398,121	3.96%

District Energy System		Month			Prior Year Month	
Budget vs. Actual	ANNUAL BUDGET	BUDGET	ACTUAL	Variance	ACTUAL	Variance
May 2016 and 2015 restated	2015-16	2015-16	2015-16	%	2014-15	%
REVENUES						
Revenues	\$ 9,089,118	\$ 704,324	\$ 713,156		\$ 570,703	
Investment Income	-	-	1,740		333	
Total	9,089,118	704,324	714,896	1.50%	571,036	25.19%
EXPENSES						
O & M Expenses	5,175,137	407,435	350,964		395,517	
Debt Principal - DES	1,625,000	135,417	135,417		134,167	
Debt Interest - DES	1,398,980	116,582	116,582		117,442	
R&R - DES	457,185	38,099	36,596		36,229	
Operating Capital Outlay	432,816	-	-		-	
Total Expenses	9,089,118	697,533	639,559	8.31%	683,355	6.41%
Total Balance	\$ -	\$ 6,791	\$ 75,337		\$ (112,319)	

Budget vs. Actual		Year-To-Date			Prior-Year-To-Date	
May 2016 and 2015 restated	ANNUAL BUDGET	BUDGET	ACTUAL	Variance	ACTUAL	Variance
	2015-16	2015-16	2015-16	%	2014-15	%
REVENUES						
Revenues	\$ 9,089,118	\$ 5,535,428	\$ 5,327,905		\$ 5,295,486	
Investment Income	-	-	14,175		3,365	
Total	9,089,118	5,535,428	5,342,080	-3.49%	5,298,851	0.82%
EXPENSES						
O & M Expenses	5,175,137	2,965,235	2,823,951		2,907,190	
Debt Principal - DES	1,625,000	1,083,333	1,083,333		1,073,333	
Debt Interest - DES	1,398,980	932,653	932,653		939,533	
R&R - DES	457,185	304,790	292,767		289,833	
Operating Capital Outlay	432,816	-	-		-	
Total Expenses	9,089,118	5,286,011	5,132,704	2.90%	5,209,889	1.48%
Total Balance	\$ -	\$ 249,417	\$ 209,376		\$ 88,962	

Electric System

Schedules of Debt Service Coverage

(in thousands - unaudited)

	Month		Year-To-Date	
	2016	2015 restated	2016	2015 restated
Revenues				
Electric	\$ 109,440	\$ 107,749	\$ 737,941	\$ 781,175
Investment income (1)	277	252	2,061	1,596
Earnings from The Energy Authority	926	82	2,881	940
Other, net (2)	1,959	2,439	16,200	19,914
Plus: amounts paid from the rate stabilization fund into the revenue fund	1,067	6,396	62,267	54,342
Less: amounts paid from the revenue fund into the rate stabilization fund	(9,670)	(9,629)	(76,207)	(58,231)
Total revenues	103,999	107,289	745,143	799,736
Operating expenses (3)				
Fuel	18,919	21,340	143,562	167,955
Purchased power (4)	22,753	22,533	156,440	174,817
Other operations and maintenance	16,208	14,316	124,863	122,593
State utility taxes and franchise fees	4,513	4,542	35,537	37,271
Total operating expenses	62,393	62,731	460,402	502,636
Net revenues	\$ 41,606	\$ 44,558	\$ 284,741	\$ 297,100
Debt service	\$ 6,674	\$ 6,911	\$ 52,556	\$ 55,428
Less: investment income on sinking fund	(100)	(141)	(2,117)	(1,055)
Less: Build America Bonds subsidy	(126)	(126)	(1,012)	(1,006)
Debt service requirement	\$ 6,448	\$ 6,644	\$ 49,427	\$ 53,367
Senior debt service coverage (5), (min 1.20x)	6.45 x	6.71 x	5.76 x	5.57 x
Net revenues (from above)	\$ 41,606	\$ 44,558	\$ 284,741	\$ 297,100
Debt service requirement (from above)	\$ 6,448	\$ 6,644	\$ 49,427	\$ 53,367
Plus: aggregate subordinated debt service on outstanding subordinated bonds	8,220	8,196	65,504	65,536
Less: Build America Bonds subsidy	(174)	(174)	(1,390)	(1,391)
Total debt service requirement and aggregate subordinated debt service	\$ 14,494	\$ 14,666	\$ 113,541	\$ 117,512
Senior and subordinated debt service coverage (6), (min 1.15x)	2.87 x	3.04 x	2.51 x	2.53 x
Fixed charge coverage (7)	2.02 x	2.12 x	1.67 x	1.74 x

(1) Excludes investment income on sinking funds.

(2) Excludes the Build America Bonds subsidy.

(3) Excludes depreciation.

(4) In accordance with the requirements of the Electric System Resolution, all the contract debt payments from the Electric System to the SJRPP and Bulk Power Supply System with respect to the use by the Electric System of the capacity and output of the SJRPP and Bulk Power Systems are reflected as a purchased power expense on these schedules. These schedules do not include revenues of the SJRPP and Bulk Power Supply System, except that the purchased power expense is net of interest income on funds maintained under the SJRPP and Bulk Power Supply System resolutions.

(5) Net revenues divided by debt service requirement. Minimum annual coverage is 1.20x.

(6) Net revenues divided by total debt service requirement and aggregate subordinated debt service. Minimum annual coverage is 1.15x.

(7) Net revenues plus JEA's share of SJRPP's and Bulk Power Supply System's debt service less city contribution divided by the sum of the adjusted debt service requirement and JEA's share of SJRPP's and Bulk Power Supply System's debt service.

JEA
Bulk Power Supply System
Schedules of Debt Service Coverage
(in thousands - unaudited)

	Month May		Year-To-Date May	
	2016	2015 restated	2016	2015 restated
Revenues				
JEA	\$ 5,853	\$ 4,543	\$ 43,884	\$ 40,096
Investment income	10	9	85	73
Total revenues	5,863	4,552	43,969	40,169
Operating expenses (1)				
Fuel	1,587	2,596	16,317	23,731
Other operations and maintenance	2,418	1,076	13,473	9,452
Total operating expenses	4,005	3,672	29,790	33,183
Net revenues	\$ 1,858	\$ 880	\$ 14,179	\$ 6,986
Aggregate debt service	\$ 897	\$ 817	\$ 7,172	\$ 6,534
Less: Build America Bonds subsidy	(61)	(64)	(491)	(509)
Aggregate debt service	\$ 836	\$ 753	\$ 6,681	\$ 6,025
Debt service coverage (2)	2.22 x	1.17 x	2.12 x	1.16 x

(1) Excludes all current expenses paid or accrued to the extent that such expenses are to be paid from revenues.

(2) Net revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

St. Johns River Power Park System
Schedule of Debt Service Coverage - 1st Resolution
(in thousands - unaudited)

	Month May		Year-To-Date May	
	2016	2015 restated	2016	2015 restated
Revenues				
JEA	\$ 7,530	\$ 12,076	\$ 66,246	\$ 90,604
FPL	8,612	11,084	75,097	81,398
Investment income	335	292	2,528	2,345
Total revenues	16,477	23,452	143,871	174,347
Operating expenses (1)				
Fuel	8,189	14,429	79,196	103,754
Other operations and maintenance	3,417	4,070	22,449	27,583
Total operating expenses	11,606	18,499	101,645	131,337
Net revenues	\$ 4,871	\$ 4,953	\$ 42,226	\$ 43,010
Aggregate debt service	\$ 4,345	\$ 4,419	\$ 34,750	\$ 35,351
Debt service coverage (2)	1.12 x	1.12 x	1.22 x	1.22 x

(1) Excludes depreciation.

(2) Net revenues divided by aggregate debt service. Semiannual minimum coverage is 1.25x.

St. Johns River Power Park System
Schedule of Debt Service Coverage - 2nd Resolution
(in thousands - unaudited)

	Month May		Year-To-Date May	
	2016	2015 restated	2016	2015 restated
Revenues				
JEA	\$ 1,047	\$ 1,892	\$ 9,349	\$ 16,868
Investment income	15	18	129	70
Total revenues	1,062	1,910	9,478	16,938
Operating expenses	-	-	-	-
Net revenues	\$ 1,062	\$ 1,910	\$ 9,478	\$ 16,938
Aggregate debt service	\$ 1,081	\$ 1,926	\$ 8,605	\$ 15,407
Less: Build America Bonds subsidy	(34)	(34)	(274)	(272)
Aggregate debt service	\$ 1,047	\$ 1,892	\$ 8,331	\$ 15,135
Debt service coverage (1)	1.01 x	1.01 x	1.14 x	1.12 x

(1) Net revenues divided by aggregate debt service. Semiannual minimum coverage is 1.15x.

JEA
Water and Sewer System
Schedule of Debt Service Coverage
(in thousands - unaudited)

	Month May		Year-To-Date May	
	2016	2015 restated	2016	2015 restated
Revenues				
Water	\$ 15,698	\$ 15,302	\$ 108,190	\$ 105,227
Water capacity fees (1)	740	784	4,957	4,503
Sewer	21,998	22,004	161,610	157,004
Sewer capacity fees (1)	1,438	1,483	8,985	8,073
Investment Income	221	252	2,134	2,029
Other (2)	818	1,220	8,344	7,453
Plus: amounts paid from the rate stabilization fund into the revenue fund	1,498	-	10,486	-
Less: amounts paid from the revenue fund into the rate stabilization fund	(2,017)	(1,885)	(14,558)	(13,885)
Total revenues	40,394	39,160	290,148	270,404
Operating expenses				
Operations and maintenance (3)	11,232	11,190	94,114	86,131
Total operating expenses	11,232	11,190	94,114	86,131
Net revenues	\$ 29,162	\$ 27,970	\$ 196,034	\$ 184,273
Aggregate debt service	\$ 7,127	\$ 7,650	\$ 56,772	\$ 61,141
Less: Build America Bonds subsidy	(209)	(207)	(1,668)	(1,659)
Aggregate debt service	\$ 6,918	\$ 7,443	\$ 55,104	\$ 59,482
Senior debt service coverage (4), (min 1.25x)	4.22 x	3.76 x	3.56 x	3.10 x
Net revenues (from above)	\$ 29,162	\$ 27,970	\$ 196,034	\$ 184,273
Aggregate debt service (from above)	\$ 6,918	\$ 7,443	\$ 55,104	\$ 59,482
Plus: aggregate subordinated debt service on outstanding subordinated debt	1,060	1,024	8,301	8,140
Total aggregate debt service and aggregate subordinated debt service	\$ 7,978	\$ 8,467	\$ 63,405	\$ 67,622
Senior and subordinated debt service coverage (5)	3.66 x	3.30 x	3.09 x	2.73 x
Fixed charge coverage	3.42 x	3.09 x	2.81 x	2.51 x

- (1) Effective October 1, 2001, the Water and Sewer Bond Resolution was amended to include capacity fees in total revenues. Had such capacity fees not been included in the calculation for the year-to-date periods ending May 2016 and 2015, then the debt service coverage would have been 2.87x and 2.54x.
- (2) Excludes the Build America Bonds subsidy.
- (3) Excludes depreciation.
- (4) Net revenues divided by aggregate debt service. Minimum annual coverage is 1.25x.
- (5) Net revenues divided by total aggregate debt service and aggregate subordinated debt service. Minimum annual coverage is either 1.00x aggregate debt service and aggregate subordinated debt service (excluding capacity charges) or the sum of 1.00x aggregate debt service and 1.20x aggregate subordinated debt service (including capacity charges). Based on the first requirement, minimum annual coverage is 2.87x and 2.54x. Based on the second requirement, net revenues must exceed 100% of aggregate debt service and 120% of aggregate subordinated debt service, or \$65,065 and \$69,250 for the year-to-date period ending May 2016 and 2015.

District Energy System
Schedule of Debt Service Coverage
(in thousands - unaudited)

	Month May		Year-To-Date May	
	2016	2015 restated	2016	2015 restated
Revenues				
Service revenues	\$ 713	\$ 571	\$ 5,328	\$ 5,295
Investment income	2	-	14	3
Total revenues	715	571	5,342	5,298
Operating expenses (1)				
Operations and maintenance	352	394	2,812	2,912
Total operating expenses	352	394	2,812	2,912
Net revenues	\$ 363	\$ 177	\$ 2,530	\$ 2,386
Aggregate debt service (2)	\$ 252	\$ 252	\$ 2,016	\$ 2,013
Debt service coverage (3) (min 1.15x)	1.44 x	0.70 x	1.25 x	1.19 x

- (1) Excludes depreciation.
- (2) On June 19, 2013, the closing date of the District Energy System Refunding Revenue Bonds, 2013 Series A, the JEA covenanted to deposit into the 2013 Series A Bonds Subaccount from Available Water and Sewer System Revenues an amount equal to the Aggregate DES Debt Service Deficiency that exists with respect to the 2013 Series A Bonds, in the event that the amount on deposit in the Debt Service Account in the Debt Service Fund in accordance with the District Energy System Resolution is less than Accrued Aggregate Debt Service as of the last Business Day of the then current month.
- (3) Net Revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

Issue/Average Coupon Rate	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
Electric System - Fixed Rate Bonds				
Series Three 2004 A	5.000%	2039	\$ 5,000	\$ -
Series Three 2005 B	4.750%	2033	100,000	-
Series Three 2009 C	5.000%	2016-2017	15,730,000	12,375,000
Series Three 2009 D	6.056%	2033-2044	45,955,000	-
Series Three 2010 A	4.000%	2016-2020	24,960,000	4,835,000
Series Three 2010 C	4.000 - 4.500%	2021-2031	11,420,000	-
Series Three 2010 D	4.000 - 5.000%	2016-2038	92,100,000	5,265,000
Series Three 2010 E	5.350 - 5.482%	2028-2040	34,255,000	-
Series Three 2012A	4.000 - 4.500%	2023-2033	60,750,000	-
Series Three 2012B	2.000 - 5.000%	2016-2039	133,390,000	620,000
Series Three 2013A	2.500 - 5.000%	2016-2026	111,130,000	7,860,000
Series Three 2013B	1.875 - 5.000%	2021-2038	7,600,000	-
Series Three 2013C	3.000 - 5.000%	2016-2030	30,940,000	2,255,000
Series Three 2014A	2.600 - 5.000%	2016-2034	47,565,000	1,855,000
Series Three 2015A	2.500 - 5.000%	2016-2041	81,810,000	135,000
Series Three 2015B	2.000 - 5.000%	2016-2031	42,355,000	6,350,000
Total Fixed Rate Senior Bonds			740,065,000	41,550,000
2009 Series A	5.625%	2029-2032	21,140,000	-
2009 Series D	5.000%	2017-2018	23,925,000	-
2009 Series E	4.000%	2016-2018	4,065,000	1,850,000
2009 Series F	4.125 - 6.406%	2016-2034	65,600,000	930,000
2009 Series G	4.000 - 5.000%	2016-2021	22,975,000	4,675,000
2010 Series A	3.000 - 5.000%	2016-2017	4,960,000	4,250,000
2010 Series B	3.000 - 5.000%	2016-2024	35,380,000	855,000
2010 Series C	3.125 - 4.000%	2020-2027	15,925,000	-
2010 Series D	3.500 - 5.582%	2017-2027	45,575,000	-
2010 Series E	4.000%	2016	4,505,000	4,505,000
2012 Series A	3.000 - 5.000%	2016-2033	110,780,000	2,715,000
2012 Series B	2.250 - 5.000%	2016-2037	105,800,000	2,355,000
2013 Series A	2.500 - 5.000%	2017-2030	59,330,000	-
2013 Series B	2.500 - 5.000%	2016-2026	41,215,000	10,085,000
2013 Series C	1.375 - 5.000%	2016-2038	88,605,000	590,000
2013 Series D	2.625 - 5.250%	2016-2035	145,055,000	9,360,000
2014 Series A	3.000 - 5.000%	2016-2039	223,770,000	9,330,000
Total Fixed Rate Subordinated Bonds			1,018,605,000	51,500,000
Total Fixed Rate Electric System Bonds/4.561%			1,758,670,000	93,050,000
Electric System - Variable Rate Bonds				
Series Three 2008 A	0.391%	2027-2036	51,680,000	-
Series Three 2008 B-1	0.797%	2016-2040	60,745,000	350,000
Series Three 2008 B-2	0.391%	2025-2040	41,900,000	-
Series Three 2008 B-3	0.391%	2024-2036	37,000,000	-
Series Three 2008 B-4	0.797%	2016-2036	50,185,000	375,000
Series Three 2008 C-1	0.400%	2024-2034	44,145,000	-
Series Three 2008 C-2	0.400%	2024-2034	43,900,000	-
Series Three 2008 C-3	0.130%	2030-2038	25,000,000	-
Series Three 2008 D-1	0.797%	2016-2036	113,840,000	2,420,000
Total Variable Rate Senior Bonds			468,395,000	3,145,000
Series 2000 A	0.433%	2021-2035	30,965,000	-
Series 2000 F-1	0.452%	2026-2030	37,200,000	-
Series 2000 F-2	0.453%	2026-2030	24,800,000	-
Series 2008 D	0.318%	2024-2038	39,455,000	-
Total Variable Rate Subordinated Bonds			132,420,000	-
Total Variable Rate Bonds			600,815,000	3,145,000
Total Electric System Bonds			2,359,485,000	96,195,000
St. Johns River Power Park - Fixed Rate Bonds				
Issue 2 Series 17	4.700%	2019	100,000	-
Issue 2 Series 18	4.500%	2018	50,000	-
Issue 2 Series 19	4.600%	2017	100,000	-
Issue 2 Series 20	4.500%	2021	100,000	-
Issue 2 Series 21	5.000%	2021	5,000	-
Issue 2 Series 22	4.000%	2019	5,000	-
Issue 2 Series 23	3.000 - 5.000%	2017-2021	64,910,000	-
Issue 2 Series 24	4.000%	2017-2021	29,625,000	-
Issue 2 Series 25	3.000 - 5.000%	2016-2021	42,195,000	42,150,000
Issue 2 Series 26	2.000 - 5.000%	2019-2021	65,970,000	-
Issue 2 Series 27	1.888 - 2.505%	2019-2021	7,025,000	-
Issue 3 Series 1	4.500%	2037	100,000	-
Issue 3 Series 2	5.000%	2034-2037	29,370,000	-
Issue 3 Series 4	3.875 - 5.450%	2016-2028	25,720,000	1,635,000
Issue 3 Series 6	2.375 - 5.000%	2019-2037	91,330,000	-
Issue 3 Series 7	2.000 - 5.000%	2019-2033	79,500,000	-
Issue 3 Series 8	2.000 - 5.000%	2019-2039	57,895,000	-
Total Fixed Rate St. Johns River Power Park Bonds/4.120%			494,000,000	43,785,000
Bulk Power Supply System, Scherer 4 Project - Fixed Rate Bonds				
Series 2010A	3.900 - 5.920%	2016-2030	42,785,000	2,910,000
Series 2014A	2.000 - 5.000%	2016-2038	69,185,000	3,135,000
Total Fixed Rate Bulk Power Supply System Bonds/4.293%			111,970,000	6,045,000
Weighted Average Cost(2) / Total Outstanding Debt		3.343%	\$ 2,965,455,000	\$ 146,025,000

(1) Current month interest rate excluding variable debt fees.
 (2) Weighted Average Cost of debt is net of BABs subsidy, original issue premiums/discounts and excludes variable debt liquidity/remarking fees and interest rate swap payments.

	Electric System	Power Park	Issue Three
• Remaining New Money Authorization	\$ 465,160,992	\$ 103,865,000	
• Remaining Senior Refunding Authorization	\$ 1,239,602,381	\$ 250,810,000	
• Remaining Subordinated Refunding Authorization	\$ 892,378,000	n/a	

Issue/Average Coupon Rate	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
Fixed Rate Bonds				
2009 Series B	3.750 - 5.000%	2017-2019	\$ 25,565,000	\$ -
2010 Series A	6.210 - 6.310%	2026-2044	83,115,000	-
2010 Series B	4.300 - 5.700%	2016-2025	17,300,000	1,730,000
2010 Series C	4.000 - 5.000%	2016-2020	10,650,000	1,105,000
2010 Series D	4.000 - 5.000%	2017-2039	101,850,000	-
2010 Series E	4.000 - 5.000%	2021-2039	60,990,000	-
2010 Series F	3.200 - 5.887%	2017-2040	45,520,000	-
2010 Series G	3.000%	2016	785,000	785,000
2012 Series A	3.000 - 5.000%	2017-2041	317,935,000	-
2012 Series B	2.000 - 5.000%	2016-2041	131,765,000	1,680,000
2013 Series A	4.000 - 5.000%	2016-2027	91,085,000	1,345,000
2013 Series B	1.286 - 1.882%	2016-2017	16,730,000	12,900,000
2014 Series A	2.000 - 5.000%	2016-2040	289,565,000	4,970,000
Total Fixed Rate Senior Bonds			1,192,855,000	24,515,000
2010 Series A	3.000 - 5.000%	2016-2022	14,065,000	915,000
2010 Series B	3.000 - 5.000%	2020-2025	12,770,000	-
2012 Series A	3.000 - 4.000%	2021-2033	20,320,000	-
2012 Series B	3.250 - 5.000%	2030-2043	41,640,000	-
2013 Series A	2.125 - 5.000%	2016-2029	76,040,000	3,790,000
Total Fixed Rate Subordinated Bonds			164,835,000	4,705,000
Total Fixed Rate Bonds/4.618%			1,357,690,000	29,220,000
Variable Rate Bonds				
	Current Interest Rates (1)			
2006 Series B - CPI Bonds	1.126% (2)	2016-2022	38,730,000	4,105,000
2008 Series A-2	0.408%	2028-2042	51,820,000	-
2008 Series B	0.397%	2023-2041	85,290,000	-
Total Variable Rate Senior Bonds			175,840,000	4,105,000
2008 Series A-1	0.319%	2016-2038	53,500,000	550,000
2008 Series A-2	0.442%	2030-2038	25,600,000	-
2008 Series B-1	0.395%	2030-2036	30,885,000	-
Total Variable Rate Subordinated Bonds			109,985,000	550,000
Total Variable Rate Bonds			285,825,000	4,655,000
Other Obligations				
Revolving Credit Agreement	1.493%	2018	3,000,000	-
Total Other Obligations			3,000,000	-
Weighted Average Cost(3) / Total Outstanding Debt		3.614%	\$ 1,646,515,000	\$ 33,875,000

- (1) Current month interest rate excluding variable debt fees.
(2) Designated swap obligation. The rate shown is the weighted average of the variable CPI Index rates for the 6 month re-set period.
(3) Weighted Average Cost of debt is net of BABs subsidy, original issue premiums/discounts and excludes variable debt liquidity/remarketing fees and interest rate swap payments.

• Remaining New Money Authorization \$ 218,078,023
• Remaining Refunding Authorization \$ 1,231,973,942

JEA
District Energy System
Principal Amount of Debt Outstanding and Average Interest Rates
May 2016

Issue/Average Coupon	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
Fixed Rate Bonds				
2013 Series A/4.036%	1.017 - 4.538%	2016-2034	\$ 39,750,000	\$ 1,625,000
Weighted Average Cost(1) / Total Outstanding Debt		4.041%	\$ 39,750,000	\$ 1,625,000

- (1) Weighted Average Cost of debt is net of original issue premiums/discounts.

• Remaining New Money Authorization \$ 54,321,245
• Remaining Refunding Authorization \$ 106,670,000

JEA
INVESTMENT PORTFOLIO REPORT
May 2016
All Funds

<u>INVESTMENT</u>	<u>BOOK VALUE</u>	<u>YIELD</u>	<u>% OF TOTAL</u>	<u>LAST MONTH</u>	<u>6 MONTH AVERAGE</u>
* Treasuries	\$ 3,298,969	1.01%	0.24%	0.24%	0.24%
<u>Agencies</u>					
Federal Farm Credit Bank	335,358,404	0.74%	24.21%	22.77%	20.36%
Federal Home Loan Bank	349,980,466	1.01%	25.27%	23.77%	26.26%
Federal Home Loan Mortgage Corp.	-	0.00%	0.00%	0.00%	0.29%
Total	<u>685,338,870</u>	<u>0.88%</u>	<u>49.48%</u>	<u>46.54%</u>	<u>46.92%</u>
Municipal Bonds	<u>269,570,997</u>	<u>2.07%</u>	<u>19.46%</u>	<u>19.53%</u>	<u>20.05%</u>
Commercial Paper	<u>315,367,028</u>	<u>0.59%</u>	<u>22.77%</u>	<u>24.06%</u>	<u>22.67%</u>
U.S. Treasury Money Market Funds (1)	<u>7,270,983</u>	<u>0.24%</u>	<u>0.52%</u>	<u>0.51%</u>	<u>1.21%</u>
Agency Money Market Funds (2)	<u>16,425,000</u>	<u>0.25%</u>	<u>1.19%</u>	<u>1.91%</u>	<u>2.13%</u>
<u>Wells Fargo Bank Accounts (3)</u>					
Electric, Scherer	<u>34,477,098</u>	<u>0.15%</u>	<u>2.49%</u>	<u>3.80%</u>	<u>2.95%</u>
SJRPP	<u>35,531,102</u>	<u>0.15%</u>	<u>2.57%</u>	<u>2.59%</u>	<u>2.55%</u>
Water & Sewer, DES	<u>17,872,748</u>	<u>0.15%</u>	<u>1.29%</u>	<u>0.83%</u>	<u>1.30%</u>
Total Portfolio	<u>\$ 1,385,152,795</u>	<u>0.99%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

* Backed by Full Faith and Credit of U. S. Government
Weighted Avg. Annual Yield for May 2016, Excluding Bank & Money Market Funds: 1.06%

Weighted Avg. Annual Yield for May 2016, Including Bank & Money Market Funds: 0.99%

Some investments listed above may be classified as Cash Equivalents on the Statements of Net Position in accordance with generally accepted accounting principles.

(1) Morgan Stanley Treasury Fund; Fidelity Treasury Fund; Federated Treasury Fund

(2) Morgan Stanley Government Fund, Wells Fargo Government Fund

(3) Month-end bank balances

**JEA
Interest Rate Swap Position Report
May 2016**

JEA Debt Management Swaps Variable to Fixed

ID	Dealer	Effective Date	Terminat'n Date	Electric		Fixed Rate	Floating Rate (1)	Spread	Rate Cap	Index
				System Allocation	Water/Sewer Allocation					
1	Goldman Sachs	9/18/2003	9/18/2033	\$ 84,800,000	\$ -	3.717	0.298	3.419	n/a	68% 1 mth Libor
3	Morgan Stanley	1/27/2005	10/1/2039	82,575,000	-	4.351	0.397	3.954	n/a	SIFMA
4	JPMorgan	1/27/2005	10/1/2035	86,375,000	-	3.661	0.298	3.363	n/a	68% 1 mth Libor
6	JPMorgan	1/27/2005	10/1/2037	39,175,000	-	3.716	0.298	3.418	n/a	68% 1 mth Libor
7	Morgan Stanley	10/31/2006	10/1/2022	-	38,730,000	3.996	2.329	1.667	n/a	CPI
8	Morgan Stanley	1/31/2007	10/1/2031	62,980,000	-	3.907	0.397	3.510	n/a	SIFMA
9	Merrill Lynch	3/8/2007	10/1/2041	-	85,290,000	3.895	0.397	3.498	n/a	SIFMA
10	Goldman Sachs	1/31/2008	10/1/2036	51,680,000	-	3.836	0.397	3.439	n/a	SIFMA
Total				<u>\$ 407,585,000</u>	<u>\$ 124,020,000</u>	Wtd Avg Spread		3.391		

Notes: (1) The "Floating Rate" column is the average of the floating rate for each instrument for this month.

	Month May			Year-To-Date May		
	2016	2015 restated	Variance	2016	2015 restated	Variance
Electric revenue sales (000's omitted):						
Residential	\$ 49,876	\$ 51,218	-2.62%	\$ 341,475	\$ 367,771	-7.15%
Commercial	36,178	35,479	1.97%	244,545	249,620	-2.03%
Industrial	19,493	20,294	-3.95%	126,651	138,163	-8.33%
Public street lighting	1,093	940	16.28%	8,918	7,796	14.39%
Sales for resale - territorial	2,326	(146)	-1693.15%	16,413	16,553	-0.85%
Electric revenues - territorial	108,966	107,785	1.10%	738,002	779,903	-5.37%
Sales for resale - off system	635	97	554.64%	1,128	2,356	-52.12%
Electric revenues	109,601	107,882	1.59%	739,130	782,259	-5.51%
Less: rate stabilization & recovery	(8,603)	(3,233)	166.10%	(13,950)	(3,890)	258.61%
Less: allowance for doubtful accounts	(153)	(133)	15.04%	(1,179)	(1,084)	8.76%
Net electric revenues	100,845	104,516	-3.51%	724,001	777,285	-6.86%
MWh sales						
Residential	434,909	422,524	2.93%	3,061,247	3,160,494	-3.14%
Commercial	359,287	353,751	1.56%	2,532,761	2,468,531	2.60%
Industrial	260,406	253,687	2.65%	1,778,945	1,806,101	-1.50%
Public street lighting	6,312	6,742	-6.38%	54,203	59,557	-8.99%
Sales for resale - territorial	28,641	25,755	11.21%	200,002	201,791	-0.89%
Total MWh sales - territorial	1,089,555	1,062,459	2.55%	7,627,158	7,696,474	-0.90%
Sales for resale - off system	26,895	2,952	811.08%	45,589	69,793	-34.68%
Total MWh sales	1,116,450	1,065,411	4.79%	7,672,747	7,766,267	-1.20%
Number of accounts (1)						
Residential	397,593	390,773	1.75%	395,440	387,960	1.93%
Commercial	51,364	50,794	1.12%	51,146	50,548	1.18%
Industrial	201	209	-3.83%	203	211	-3.79%
Public street lighting	3,673	3,564	3.06%	3,636	3,534	2.89%
Sales for resale	2	2	0.00%	2	2	0.00%
Total average accounts	452,833	445,342	1.68%	450,427	442,255	1.85%
Residential averages						
Revenue per account - \$	125.44	131.07	-4.30%	863.53	947.96	-8.91%
kWh per account	1,094	1,081	1.20%	7,741	8,146	-4.97%
Revenue per kWh - ¢	11.47	12.12	-5.36%	11.15	11.64	-4.21%
Degree days						
Heating degree days	6	2	4	949	1,337	(388)
Cooling degree days	301	309	(8)	1,080	869	211
Total degree days	307	311	(4)	2,029	2,206	(177)
Degree days - 30 year average	168		2,112			

(1) The year-to-date column represents a fiscal year-to-date average.

	Month			Year-To-Date		
	2016	2015 restated	Variance	2016	2015 restated	Variance
Water						
<i>Revenues (000's omitted):</i>						
Residential	\$ 8,158	\$ 7,956	2.54%	\$ 57,590	\$ 56,048	2.75%
Commercial and industrial	3,907	3,915	-0.20%	30,439	29,641	2.69%
Irrigation	3,656	3,453	5.88%	20,334	19,714	3.14%
Total water revenues	15,721	15,324	2.59%	108,363	105,403	2.81%
Less: rate stabilization environmental	(1,234)	(1,132)	9.01%	(8,590)	(8,162)	5.24%
Less: allowance for doubtful accounts	(23)	(23)	0.00%	(173)	(176)	-1.70%
Net water revenues	\$ 14,464	\$ 14,169	2.08%	\$ 99,600	\$ 97,065	2.61%
<i>Kgal sales (000s omitted)</i>						
Residential	1,699,901	1,692,680	0.43%	10,805,414	10,602,775	1.91%
Commercial and industrial	1,139,673	1,176,164	-3.10%	8,696,330	8,336,190	4.32%
Irrigation	683,494	640,424	6.73%	3,285,777	3,163,627	3.86%
Total kgal sales	3,523,068	3,509,268	0.39%	22,787,521	22,102,592	3.10%
<i>Number of accounts (1):</i>						
Residential	273,065	266,412	2.50%	270,933	264,231	2.54%
Commercial and industrial	24,824	23,978	3.53%	24,477	23,900	2.41%
Irrigation	36,341	36,103	0.66%	36,181	35,925	0.71%
Total average accounts	334,230	326,493	2.37%	331,591	324,056	2.33%
<i>Residential averages:</i>						
Revenue per account - \$	29.88	29.86	0.04%	212.56	212.12	0.21%
kgals per account	6.23	6.35	-2.02%	39.88	40.13	-0.61%
Revenue per kgals - \$	4.80	4.70	2.10%	5.33	5.29	0.82%
Reuse						
<i>Revenues (000's omitted):</i>						
Reuse revenues	\$ 1,036	\$ 711	45.71%	\$ 5,746	\$ 4,144	38.66%
<i>Kgal sales (000s omitted)</i>						
Reuse sales (kgals)	279,561	175,831	58.99%	1,503,833	972,764	54.59%
<i>Number of accounts (1):</i>						
Reuse accounts	7,708	6,025	27.93%	7,190	5,659	27.05%
Sewer						
<i>Revenues (000's omitted):</i>						
Residential	\$ 12,512	\$ 12,426	0.69%	\$ 87,533	\$ 85,900	1.90%
Commercial and industrial	8,484	8,902	-4.70%	68,591	67,224	2.03%
Total sewer revenues	20,996	21,328	-1.56%	156,124	153,124	1.96%
Less: rate stabilization environmental	715	(752)	-195.08%	4,518	(5,723)	-178.94%
Less: allowance for doubtful accounts	(34)	(35)	-2.86%	(260)	(264)	-1.52%
Net sewer revenues	21,677	20,541	5.53%	160,382	147,137	9.00%
<i>Kgal sales (000s omitted)</i>						
Residential	1,435,414	1,444,309	-0.62%	9,243,051	9,108,531	1.48%
Commercial and industrial	910,725	984,262	-7.47%	7,425,346	7,214,234	2.93%
Total kgal sales	2,346,139	2,428,571	-3.39%	16,668,397	16,322,765	2.12%
<i>Number of accounts (1):</i>						
Residential	240,621	234,222	2.73%	238,566	232,090	2.79%
Commercial and industrial	17,986	17,813	0.97%	17,935	17,738	1.11%
Total average accounts	258,607	252,035	2.61%	256,501	249,828	2.67%
<i>Residential averages:</i>						
Revenue per account - \$	52.00	53.05	-1.99%	366.91	370.12	-0.87%
kgals per account	5.97	6.17	-3.26%	38.74	39.25	-1.28%
Revenue per kgals - \$	8.72	8.60	1.32%	9.47	9.43	0.42%
Rainfall						
	Diff in Inches			Diff in Inches		
Normal	2.48	2.48		24.40	24.40	
Actual	2.29	1.08	1.21	19.14	22.01	(2.87)
Rain Days	5	2		57	52	

(1) The year-to-date column represents a fiscal year-to-date average.

	Month			Year-To-Date		
	2016	May 2015 restated	Variance	2016	May 2015 restated	Variance
Generated power:						
Steam:						
<i>Fuel oil</i>						
Fuel expense	\$ -	\$ -		\$ 2,722,252	\$ 1,262,985	115.54%
Barrels #6 oil consumed	-	-		25,588	11,680	119.08%
\$/ per barrel consumed				\$ 106.39	\$ 108.13	-1.61%
kWh oil generated (1)	-	-		14,404,324	4,480,583	221.48%
Cost per MWh - oil		\$ -		\$ 188.99	\$ 281.88	-32.95%
<i>Natural gas units #1-3</i>						
Gas expense - variable	\$ 5,320,826	\$ 4,743,834	12.16%	\$ 22,339,009	\$ 14,315,909	56.04%
MMBTU's consumed	2,562,825	1,433,449	78.79%	9,743,537	4,502,812	116.39%
\$/ per MMBTU consumed	\$ 2.08	\$ 3.31	-37.16%	\$ 2.29	\$ 3.18	-27.99%
kWh - gas generated (1)	242,240,520	139,256,973	73.95%	920,201,161	379,884,891	142.23%
Cost per MWh - gas	\$ 21.97	\$ 34.07	-35.52%	\$ 24.28	\$ 37.68	-35.56%
Cost per MWh - gas & oil - steam	\$ 21.97	\$ 34.07	-35.52%	\$ 26.81	\$ 40.53	-33.85%
<i>Coal</i>						
Coal expense	\$ 2,606,611	\$ 2,042,590	27.61%	\$ 16,539,053	\$ 29,053,018	-43.07%
kWh generated	135,220,487	62,239,319	117.26%	760,640,493	908,259,334	-16.25%
Cost per MWh - coal	\$ 19.28	\$ 32.82	-41.26%	\$ 21.74	\$ 31.99	-32.04%
<i>Pet coke and limestone</i>						
Expense	\$ 3,981,699	\$ 3,458,423	15.13%	\$ 27,606,928	\$ 23,622,163	16.87%
kWh generated	230,361,139	108,903,960	111.53%	1,346,533,881	752,497,290	78.94%
Cost per MWh - pet coke and limestone	\$ 17.28	\$ 31.76	-45.59%	\$ 20.50	\$ 31.39	-34.69%
Cost per MWh - coal & petcoke - steam	\$ 18.02	\$ 32.14	-43.93%	\$ 20.95	\$ 31.72	-33.95%
Combustion turbine:						
<i>Fuel oil</i>						
Fuel expense	\$ 97,572	\$ 41,128	137.24%	\$ 413,688	\$ 432,018	-4.24%
Barrels #2 oil consumed	116	206	-43.69%	2,507	3,295	-23.92%
\$/ per barrel consumed	\$ 841.14	\$ 199.65	321.31%	\$ 165.01	\$ 131.11	25.86%
kWh - oil generated	362,189	10,768	3263.57%	705,640	883,149	-20.10%
Cost per MWh - oil	\$ 269.40	\$ 3,819.47	-92.95%	\$ 586.26	\$ 489.18	19.85%
<i>Natural gas (includes landfill)</i>						
Gas expense Kennedy & landfill - variable	\$ 31,531	\$ 201,188	-84.33%	\$ 531,375	\$ 766,772	-30.70%
MMBTU's consumed	26,060	62,244	-58.13%	233,669	222,712	4.92%
\$/ per MMBTU consumed	\$ 1.21	\$ 3.23	-62.54%	\$ 2.27	\$ 3.44	-34.01%
kWh - gas generated (1)	1,909,858	5,092,698	-62.50%	17,642,400	16,023,030	10.11%
Cost per MWh - gas	\$ 16.51	\$ 39.51	-58.21%	\$ 30.12	\$ 47.85	-37.05%
Gas expense BB simple - variable	\$ 83,468	\$ 310,773	-73.14%	\$ 1,035,697	\$ 974,926	6.23%
MMBTU's consumed	119,925	114,759	4.50%	532,102	331,606	60.46%
\$/ per MMBTU consumed	\$ 0.70	\$ 2.71	-74.17%	\$ 1.95	\$ 2.94	-33.67%
kWh - gas generated (1)	9,579,490	10,304,600	-7.04%	44,600,995	28,073,699	58.87%
Cost per MWh - gas simple	\$ 8.71	\$ 30.16	-71.12%	\$ 23.22	\$ 34.73	-33.14%
Gas expense BB combined - variable	\$ 854,042	\$ 6,263,854	-86.37%	\$ 26,552,382	\$ 58,805,444	-54.85%
MMBTU's consumed	430,426	2,419,062	-82.21%	11,532,026	17,981,005	-35.87%
\$/ per MMBTU consumed	\$ 1.98	\$ 2.59	-23.55%	\$ 2.30	\$ 3.27	-29.66%
kWh - gas generated (1)	56,330,096	338,308,417	-83.35%	1,678,347,788	2,536,566,809	-33.83%
Cost per MWh - gas combined	\$ 15.16	\$ 18.52	-18.14%	\$ 15.82	\$ 23.18	-31.75%
Gas expense GEC simple - variable	\$ 570,546	\$ 423,385	34.76%	\$ 4,914,254	\$ 1,416,215	247.00%
MMBTU's consumed	352,101	158,768	121.77%	2,578,511	523,488	392.56%
\$/ per MMBTU consumed	\$ 1.62	\$ 2.67	-39.33%	\$ 1.91	\$ 2.71	-29.52%
kWh - gas generated	31,972,958	14,185,716	125.39%	230,471,567	43,751,976	426.77%
Cost per MWh - gas simple	\$ 17.84	\$ 29.85	-40.23%	\$ 21.32	\$ 32.37	-34.14%
Cost per MWh - gas & oil ct	\$ 16.35	\$ 19.68	-16.92%	\$ 16.96	\$ 23.77	-28.65%
Natural gas expense - fixed	\$ 2,467,385	\$ 2,520,796	-2.12%	\$ 19,630,848	\$ 20,382,485	-3.69%
Total generated power:						
Fuels expense	\$ 16,013,680	\$ 20,005,971	-19.96%	\$ 122,285,486	\$ 151,031,935	-19.03%
kWh generated	707,976,737	678,302,451	4.37%	5,013,548,249	4,670,420,761	7.35%
Cost per MWh	\$ 22.62	\$ 29.49	-23.31%	\$ 24.39	\$ 32.34	-24.57%

(1) Allocation of kWh generated is based upon a ratio of gas MBTU's (adjusted to oil equivalent - 95.5%) and oil MBTU's.

Cost of fuels

Fuel oil #6	\$ -	\$ -		\$ 2,722,252	\$ 1,262,985
Natural gas units #1-3 with landfill - variable	5,320,826	4,743,834		22,339,009	14,315,909
Coal	2,606,611	2,042,590		16,539,053	29,053,018
Petcoke	3,981,699	3,458,423		27,606,928	23,622,163
Fuel oil #2	97,572	41,128		413,688	432,018
Natural gas - simple cycle (BB & GEC) - variable	685,545	935,346		6,481,326	3,157,913
Natural gas - combined (BB) - variable	854,042	6,263,854		26,552,382	58,805,444
Natural gas - fixed	2,467,385	2,520,796		19,630,848	20,382,485
Total	\$ 16,013,680	\$ 20,005,971		\$ 122,285,486	\$ 151,031,935

	Month			Year-To-Date		
	2016	2015 restated	Variance	2016	2015 restated	Variance
Production Statistics (Con't.)						
Purchased power:						
<i>Plant Scherer</i>						
Purchases	\$ 5,018,166	\$ 3,790,400	32.39%	\$ 37,203,316	\$ 34,071,498	9.19%
kWh purchased	62,104,000	102,996,000	-39.70%	603,782,000	846,040,000	-28.63%
Cost per MWh	\$ 80.80	\$ 36.80	119.56%	\$ 61.62	\$ 40.27	53.00%
<i>TEA & other</i>						
Purchases	\$ 8,322,322	\$ 4,022,095	106.92%	\$ 41,306,797	\$ 32,291,775	27.92%
kWh purchased	244,884,287	95,676,226	155.95%	1,169,495,465	690,580,345	69.35%
Cost per MWh	\$ 33.98	\$ 42.04	-19.16%	\$ 35.32	\$ 46.76	-24.47%
<i>SJRPP</i>						
Purchases	\$ 8,577,310	\$ 13,968,001	-38.59%	\$ 71,247,922	\$ 102,429,697	-30.44%
kWh purchased	127,706,000	238,277,000	-46.40%	1,161,613,000	1,828,046,000	-36.46%
Cost per MWh	\$ 67.16	\$ 58.62	14.57%	\$ 61.34	\$ 56.03	9.46%
Total purchased power:						
Purchases	\$ 21,917,798	\$ 21,780,496	0.63%	\$ 149,758,035	\$ 168,792,970	-11.28%
kWh purchased	434,694,287	436,949,226	-0.52%	2,934,890,465	3,364,666,345	-12.77%
Cost per MWh	\$ 50.42	\$ 49.85	1.15%	\$ 51.03	\$ 50.17	1.72%
Subtotal - generated and purchased power:	\$ 37,931,478	\$ 41,786,467	-9.23%	\$ 272,043,521	\$ 319,824,905	-14.94%
Fuel interchange sales	(635,017)	(96,561)	557.63%	(1,128,081)	(2,355,873)	-52.12%
Earnings of The Energy Authority	(925,689)	(82,099)	1027.53%	(2,880,783)	(940,195)	206.40%
Realized and Unrealized (Gains) Losses:	457,800	-		3,262,800	-	
Fuel procurement and handling	758,928	643,484	17.94%	6,958,110	7,604,231	-8.50%
By product reuse	1,687,889	690,707	144.37%	11,054,865	9,319,231	18.62%
Total generated and net purchased power:						
Cost, net	39,275,389	42,941,998	-8.54%	289,310,432	333,452,299	-13.24%
kWh generated and purchased	1,142,671,024	1,115,251,677	2.46%	7,948,438,714	8,035,087,106	-1.08%
Cost per MWh	\$ 34.37	\$ 38.50	-10.73%	\$ 36.40	\$ 41.50	-12.29%
Reconciliation:						
Generated and purchased power per above	\$ 39,275,389	\$ 34.37		\$ 289,310,432	\$ 36.40	
<i>SJRPP operating expenses:</i>						
SJRPP O & M	(2,127,673)	(1.86)		(13,935,167)	(1.75)	
SJRPP debt service	(3,349,521)	(2.93)		(26,998,854)	(3.40)	
SJRPP R & R	1,745,657	1.53		14,067,627	1.77	
<i>SCHERER operating expenses:</i>						
Scherer power production	(1,871,685)	(1.64)		(9,149,505)	(1.15)	
Scherer R & R	(1,012,603)	(0.89)		(7,412,562)	(0.93)	
Scherer transmission	(457,081)	(0.40)		(3,540,868)	(0.45)	
Scherer taxes	(89,371)	(0.08)		(782,973)	(0.10)	
Florida and other capacity	(609,967)	(0.53)		(4,799,944)	(0.60)	
MEAG	(514,330)	(0.45)		(1,543,238)	(0.19)	
By product accrual	(10,194)	(0.01)		(10,194)	(0.00)	
	\$ 30,978,621	\$ 27.11		\$ 235,204,754	\$ 29.59	

	Month		Year-To-Date	
	2016	May 2015 restated	2016	May 2015 restated
MWh sales				
JEA	127,706	238,277	1,161,613	1,828,046
FPL saleback	88,204	151,672	912,516	1,119,694
FPL direct portion	53,977	97,487	518,532	736,935
Total MWh sales	<u>269,887</u>	<u>487,436</u>	<u>2,592,661</u>	<u>3,684,675</u>
Fuel costs	\$ 4,849,467	\$ 8,816,920	\$ 44,412,836	\$ 64,281,508
(Includes fuel handling expenses)				
Less interest credits: inventory bank	(3,610)	(1,612)	(31,958)	(16,736)
Plus (less): true-up interest	(84)	(43)	649	(41)
Total	<u>4,845,773</u>	<u>8,815,265</u>	<u>44,381,527</u>	<u>64,264,731</u>
Cost per MWh	\$ 37.94	\$ 37.00	\$ 38.21	\$ 35.15
Operating and maintenance expenses	2,128,857	2,540,049	13,937,153	17,229,652
Less: operations bank interest	(1,184)	(417)	(5,025)	(3,578)
Less: annual variable o & m true-up	-	-	3,039	(1,184)
Total	<u>2,127,673</u>	<u>2,539,632</u>	<u>13,935,167</u>	<u>17,224,890</u>
Cost per MWh	\$ 16.66	\$ 10.66	\$ 12.00	\$ 9.42
Debt service contribution				
Principal	2,331,562	2,958,177	18,652,500	23,665,417
Interest	1,464,487	1,729,591	11,629,913	13,836,730
Less credits:				
Reserve Issue 2	(274,819)	(255,765)	(2,046,851)	(1,963,154)
Reserve Issue 3	(13,219)	-	(109,889)	-
Debt service Issue 2	(1,061)	(470)	(10,566)	(23,363)
Debt service Issue 3	-	-	(3,058)	-
Bond proceeds COB	-	(300)	(2,137)	(9,168)
General reserve Issue 2	(4,665)	(1,064)	(11,400)	(41,784)
General reserve Issue 3	(1,845)	(1)	(16,549)	(159)
Build America Bonds subsidy	(34,190)	(34,007)	(273,522)	(272,054)
Inventory carrying costs	(68,116)	(53,515)	(492,923)	(445,752)
Total	<u>3,398,134</u>	<u>4,342,646</u>	<u>27,315,518</u>	<u>34,746,713</u>
Cost per MWh	\$ 26.61	\$ 18.23	\$ 23.52	\$ 19.01
R & R contribution	339,343	345,221	2,714,745	2,761,771
Less: interest credit	(48,613)	(49,764)	(416,814)	(355,379)
Less: cumulative capital recovery amount	(2,085,000)	(2,025,000)	(16,682,221)	(16,213,028)
Total	<u>(1,794,270)</u>	<u>(1,729,543)</u>	<u>(14,384,290)</u>	<u>(13,806,636)</u>
Cost per MWh	\$ (14.05)	\$ (7.26)	\$ (12.38)	\$ (7.55)
Debt service coverage	2,230,000	-	8,807,000	5,043,000
Transfer to JEA	<u>(2,230,000)</u>	<u>-</u>	<u>(8,807,000)</u>	<u>(5,043,000)</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cost per MWh	-	-	-	-
Total	<u>\$ 8,577,310</u>	<u>\$ 13,968,000</u>	<u>\$ 71,247,922</u>	<u>\$ 102,429,698</u>
kWh purchased	127,706,000	238,277,000	1,161,613,000	1,828,046,000
Cost per MWh	\$ 67.16	\$ 58.62	\$ 61.34	\$ 56.03

III. A. 3.

Monthly FY16 Communications & Engagement Calendar and Plan Update

JEA Community Engagement Calendar - May - August 2016

(Events highlighted in blue are either JEA sponsored or corporate events)

III. A. 3.
6/21/2016

	A	B	C	D	E	F
1	Date	Event/Activity	Location	Time	Type	Opportunity for Public to Attend or Participate
2	May-16					
3	5/2/2016	Power Pals - Rufus E Payne Elem	6725 Hema Rd.	8:45am	Ambassador Instructor	No
4	5/2/2016	Urban Core CPAC	Ed Ball Building	6pm	Ambassador Speaker	Yes
5	5/3/2016	Business Clients Seminar	JEA Conservation Center	9am	Ambassador Event	Yes
6	5/4/2016	North Shore Elem.	5701 Silver Plaza	12pm	Ambassador Speaker	No
7	5/4/2016	North American Hazardous Materials Management Assoc.	Doubletree Hotel	12pm	Ambassador Speaker	Yes
8	5/6, 7, 19 &20/2016	Habijax	New Town Success Zone	7:45am - 3:45pm	Volunteer Project	Yes
9	5/7/2016	Tour de Cure	World Golf Village	Various	Volunteer Project	Yes
10	5/7/2016	Caregiver Expo	Hyatt Regency - Riverfront	9:30am	Ambassador Event	Yes
11	5/9/2016	Greater Englewood Neighborhood Assoc.	4614 Clinton Ave.	7pm	Ambassador Speaker	Yes
12	5/9/2016	Power Pals - Rufus E Payne Elem	6725 Hema Rd.	8:45am	Ambassador Instructor	No
13	5/9/2016	Greater Alrington CPAC	Craig Airport	6pm	Ambassador Speaker	Yes
14	5/11/2016	Biscayne Elem. Career Fair	12230 Biscayne Blvd.	9am - 1pm	Ambassador Event	No
15	5/11/2016	Tampa Bay Clean Cities Conf.	Tampa Intern. Airport	9am	Ambassador Speaker	Yes
16	5/12/2016	Jr Achievement Financial Literacy	Fletcher High School	11am	Ambassador Instructor	No
17	5/13/2016	S Bryan Jennings Elem. Career Day	215 Corona Rd	8am - 12noon	Ambassador Event	No
18	5/13/2016	34th Annual Mental Health Conference	Edward Waters College	8:30am	Ambassador Event	Yes
19	5/13/2016	Jax Solar and Tulsa Welding School Students	JEA Solar Farm	9am	Ambassador Facility Tour	No

JEA Community Engagement Calendar - May - August 2016
(Events highlighted in blue are either JEA sponsored or corporate events)

	A	B	C	D	E	F
20	5/13/2016	Rufus E Payne Elem. Career Fair	6725 Hema Rd.	9am - 12:30pm	Ambassador Event	No
21	5/14/2016	Daysprings Baptist Church Annual Block Party	5654 Dunn Ave.	11am - 4pm	Ambassador Event	Yes
22	5/16/2016	Power Pals - Rufus E Payne Elem	6725 Hema Rd.	8:45am	Ambassador Instructor	No
23	5/17/2016	Springfield Improvement and Archive Society	210 W. 7th St	6pm	Ambassador Speaker	Yes
24	5/18/2016	Ruth E Upson Career Fair	1090 Dancy St.	8am - 12noon	Ambassador Event	No
25	5/18/2016	West Jacksonville Elem. Career Fair	2115 Commonwealth Ave.	8:30am - 12:30pm	Ambassador Event	No
26	5/19/2016	Arlington Heights Elem. STEAM Night	1520 Sprinkle Dr.	6pm	Ambassador Event	Yes
27	5/19/2016	Mandarin Historical Society	Mandarin Community Center	6pm	Ambassador Speaker	Yes
28	5/20/2016	Miracle on Ashley St	Clara White Mission	10am - 1pm	Volunteer Project	Yes
29	5/20/2016	Carter G Woodson Career Day	2334 Butler Ave.	9am - 2:30pm	Ambassador Speaker	No
30	5/20/2016	Carter G Woodson Career Day	2334 Butler Ave.	9am - 2:30pm	Ambassador Event	No
31	5/20 - 21/2016	Kids Triathlon	EverBank Field	Various	Volunteer Project	Yes
32	5/20/2016	Greenscape Board Meeting	Walter Jones Park	10am	Ambassador Event	Yes
33	5/21/2016	FL Stem & Health Expo	River City Science Academy	11am - 3pm	Ambassador Event	Yes
34	5/21/2016	St Paul Lutheran Church Community Day	2730 W Edgewood Ave.	9:30am - 1:30pm	Ambassador Event	Yes
35	5/21/2016	Green Releaf Tree Planting	1000 Confederate St	9am	Ambassador Event	Yes
36	5/23/2016	Lakewood United Methodist Men's Group	6133 San Jose Blvd.	6:30pm	Ambassador Speaker	Yes
37	5/24/2016	Sheffield Elem. Career Fair		8am	Ambassador Event	No
38	5/25/2016	TransAmerica Financial	8081 Philips Hwy, Suite 22	5:30pm	Ambassador Speaker	Yes

JEA Community Engagement Calendar - May - August 2016

(Events highlighted in blue are either JEA sponsored or corporate events)

	A	B	C	D	E	F
39	5/25/2016	Beauclerc Elem. Career Fair	4555 Craven Rd. W	8:30am	Ambassador Event	No
40	5/25/2016	Jax Beach Elem. Career Fair		9am	Ambassador Instructor	No
41	5/26/2016	Mandarin Oaks Elem. STEM Night	10600 Hornet's Nest Rd	6pm	Ambassador Event	No
42	5/26 - 29/2016	Jax Jazz Festival	Downtown Jax	Various	Volunteer Project	Yes
43	5/27/2016	Feeding NE FL Food Bank	1116 Edgewood Ave	8:30am - 3:30pm	Volunteer Project	Yes
44	5/27/2016	Westview Academy Career Day	5270 Connie Jean Rd	8am - 12noon	Ambassador Event	No
45	5/31/2016	Millennial Christian School	2000 Lane Ave. S	10:40am	Ambassador Speaker	No
46	5/31/2016	Tynes Elem. Career Fair		8:30am	Ambassador Event	
47	Jun-16					
48	06/02/16	A1A Solar	NGS Tour	10am	Ambassador Facility Tour	No
49	06/04/16	Home Buyers Expo	UNF	9am	Ambassador Event	Yes
50	06/04/16	Home Buyers Expo	UNF	10am	Ambassador Instructor	Yes
51	6/6 - 11/2016	Habijax Home Blitz Build	TBA	Various	Volunteer Project	No
52	06/08/16	Southside Business Men's Club	San Jose Country Club	12noon	Ambassador Speaker	No
53	6/10/2016	The Learning Center	819 Park St.	12:30pm	Ambassador Speaker	Yes
54	6/14/2016	Riverside Presbyterian Apts.	1045 Oak St.	1pm	Ambassador Speaker	Yes
55	6/14/2016	HILL of Northeast FL	6675 Corporate Center	6pm	Ambassador Speaker	Yes
56	6/20/2016	Teen Leaders of America	NGS Tour	10am	Ambassador Facility Tour	No
57	6/22/2016	Henry Schein Inc.	8691 Jesse B Smith Court	10am - 1pm	Ambassador Speaker	No
58	6/25/2016	Healthy Caregiver Festival	Edward Waters College	10am - 2pm	Ambassador Event	Yes
59	6/25/2016	National Homeownership Month	5310 Lenox Ave	10am - 2pm	Ambassador Event	Yes
60	6/27/2016	Downtown Kiwanis Club	Doubletree Hotel	12:30pm	Ambassador Speaker	No
61	6/27/2016	Deausche Bank Lunch & Learn	9302 Southpoint	12pm	Ambassador Speaker	No
62						
63						
64	Jul-16					

JEA Community Engagement Calendar - May - August 2016
(Events highlighted in blue are either JEA sponsored or corporate events)

	A	B	C	D	E	F
65	7/13/2016	First Coast Alliance of Hazardous Materials Professionals	NGS Tour	9am	Ambassador Facility Tour	No
66	7/27/2016	Deutsche Bank Lunch & Learn	5022 Gate Parkway, Bldg 400	12pm	Ambassador Speaker	No
67						
68						
69						
70	Aug-16					
71	8/10/2016	Rotary Club of Southpoint	Embassy Suites	12noon	Ambassador Speaker	No
72						
73						
74						
75						



FY16 Communications & Community Engagement Overview and May/June Update

Overview: Each month we update the board on communications and community engagement activities for the previous and current months. The purpose is to keep you informed about these activities so that you are knowledgeable about JEA's efforts to keep our customers informed, to assist them in the management of their utility services and to be a good corporate citizen.

Communications: June 1 was the start of hurricane season, so most of our communications for the month were dedicated in part, if not in whole, to hurricane preparedness. Customers tend to forget from one storm season to another the important steps they need to take to be prepared before the storm—hurricane, tropical or local thunderstorm—as well as what to expect and what to do if they have an outage. Most of us don't like surprises—especially when they are the unwanted ones. At JEA, we work hard throughout storm season (June 1 – November 30) to remind customers of important information that will reduce the likelihood of them being taken off guard with any unpleasant storm impacts. At the end of May we concluded our "Apples or Apple" campaign to promote ebill with a new high ebill enrollment of 70,427 customers making this the most successful campaign to date. We continued all key messages that were identified by J.D. Power as critical to customers. All paid and owned messaging is supported by social media, using Twitter, Facebook, LinkedIn, Google+ and YouTube to provide additional timely, relevant information.

Community Engagement: JEA employees are actively involved in our community engagement efforts. JEA Ambassadors participate in activities where we have an opportunity to help customers manage their utility services and/or to educate customers about how JEA provides critical utility services to our community. These employees are trained and certified ahead of time to help JEA deliver on our mission. On the other hand, JEA Volunteers go out into the community to assist nonprofits accomplish their goals by offering their time and talents to help the nonprofit deliver their mission. Volunteers do not have to have any special training or talent; they just have a caring heart.

In May, Ambassador activities included participation in 12 speaking engagements and 20 community events/activities in support of Urban Core CPAC, Northshore Elementary School, North American Hazardous Materials Management Association, Greater Englewood Neighborhood Association, Greater Arlington CPAC, Tampa Bay Clean Cities Conference, Springfield Improvement and Archive Society, Mandarin Historical Society, Carter G Woodson Career Day, Lakewood United Methodist Men's Group, TransAmerica Financial, Millennial Christian School, Business Clients Seminar, Caregiver Expo, Biscayne Elementary School Career Fair, S Bryan Jennings Elementary School Career Day, 34th Annual Mental Health Conference, Rufus E Payne Elementary School Career Fair, Daysprings Baptist Church Annual Block Party, Ruth E Upson Career Fair, West Jacksonville Elementary School Career Fair, Arlington

Heights Elementary School STEAM Night, Carter G Woodson Career Day, Greenscape Board Meeting, FL Stem and Health Expo, St Paul Lutheran Church Community Day, Green Releaf Tree Planting, Sheffield Elementary School Career Fair, Mandarin Oaks Elementary School STEM Night, Beauclerc Elementary School Career Fair, Westview Academy Career Day, and Tynes Elementary School Career Fair. Below JEA Employee Ambassadors participated in the 34th Annual Mental Health and Community Fair, sharing information with seniors about JEA products and service, conservation and JEA Senior Day.



In May, JEA volunteers came out in support of the Jazz Festival and Feeding NE Florida Food Bank in addition to the programs below.



HabiJax



Relay for Life



Miracle on Ashley Street

As a community-owned utility, JEA employees take a great pride in the Ambassador and Volunteer programs and these programs go a long way to tangibly demonstrate to customers and the community the incredible “Heart of JEA.”

Communications Contacts* Generated Year to Date	178,684,771
• Number of Paid Communications Contacts (Radio, Television, Out of Home, Online, Print)	146,661,632
• Number of Other Communications Contacts (Bill Insert, Bill Envelop, Brochure, etc.)	8,661,405
• Number of E-communications Contacts (jea.com Visitors, Email, Social Media, Videos)	22,993,115
• Number of Community Engagement Communications Contacts (Events, Public Speaking, Presentations, Training, Workshops, etc.)	368,619

*Communications Contacts are the opportunities we have to communication information to our customers.

III. A. 4.
Monthly JEA Operations Report



JEA Operations Report

as of May 31, 2016

AGENDA

III. A. 4.
6/21/2016

Board of Directors Meeting June 21, 2016

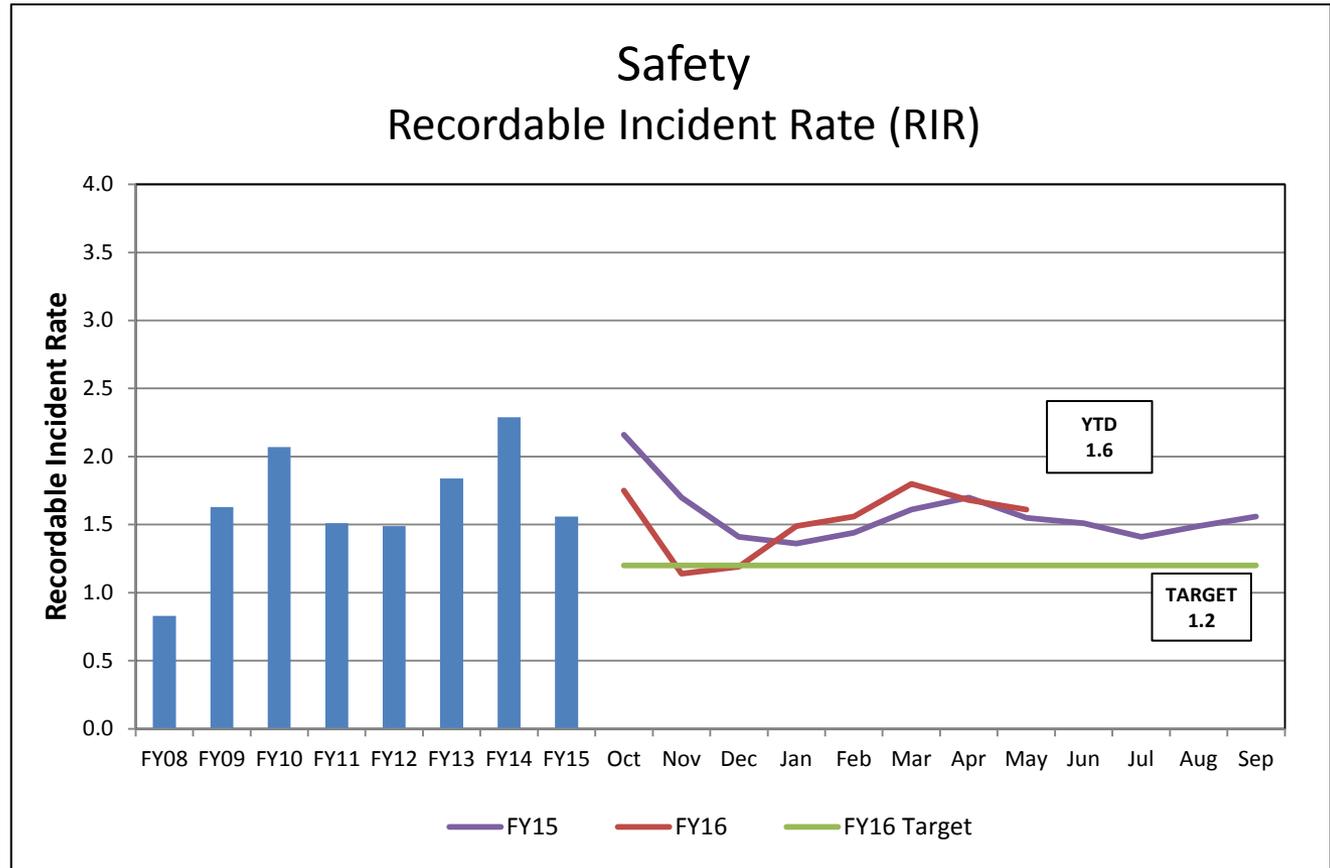
FY2015

- RIR = 1.65
- # of Recordables = 34
- May YTD Recordables = 22

FY2016

- May Recordables = 1
- Year to Date Recordables = 22
- 5 (33%) were lost time
 - Electric Systems = 14
 - Water/WW Systems = 6
 - Customer Service = 1
 - Finance/Shared Services = 1
- Continuing to “Plan for Zero”
- Increased focus on:
 - Complacency
 - Hand/Finger
 - Strains, Sprains, Slip/Trip/Fall
 - 0-5 Year Employees
 - PPE Use

Units	FY2016 YTD	FY2016 Target	FY2015	FY2014
RIR	1.6	1.20	1.65	2.29



Industry Benchmark*

Average Municipal Utility RIR is 6.3
Average LPPC RIR is 3.7

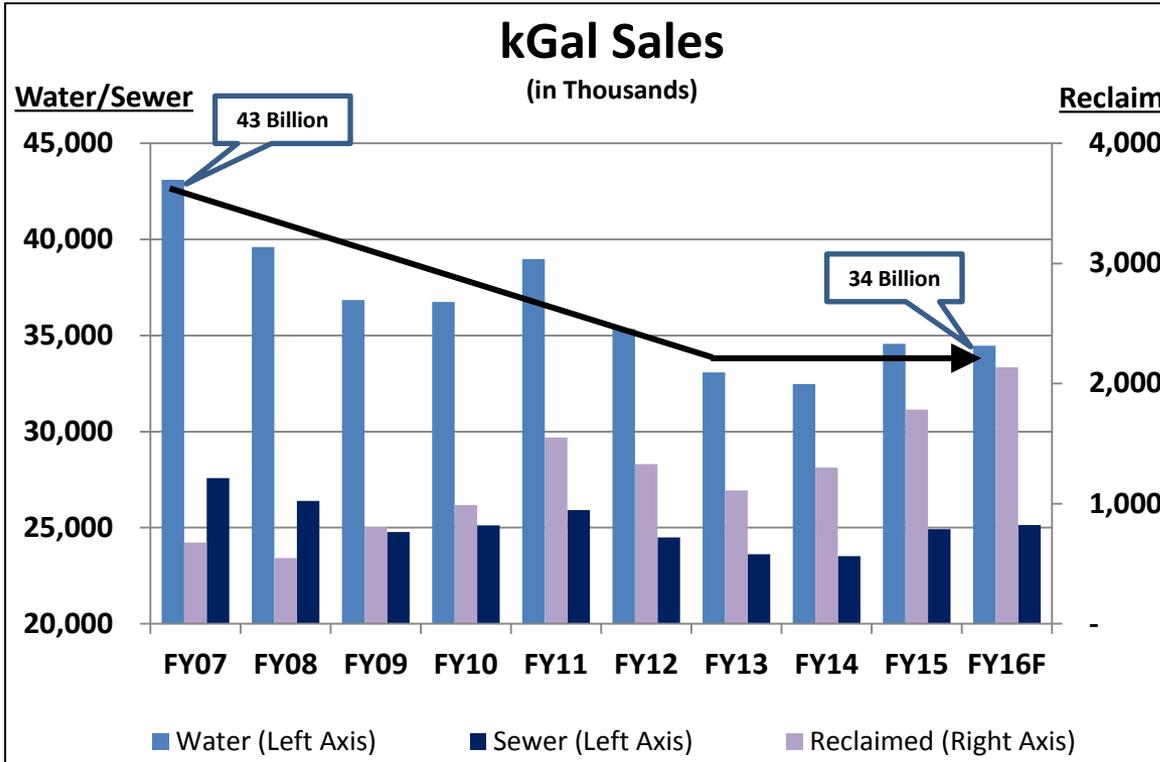
*Provided by Bureau of Statistics



JEA Water and Sewer System

kGal Sales

(in Thousands)



Month	FY15	FY16	%
Oct	3,052	3,120	2.2%
Nov	2,597	2,641	1.7%
Dec	2,708	2,758	1.8%
Jan	2,502	2,527	1.0%
Feb	2,239	2,479	10.8%
Mar	2,732	2,825	3.5%
Apr	2,765	2,914	5.4%
May	3,509	3,523	0.4%
YTD	22,103	22,788	3.1%
Jun	3,382		
Jul	3,300		
Aug	3,062		
Sep	2,712		
Total/Forecast	34,558	34,463	

Unit Sales Driver: Rainfall down 3 inches; rain days up 5.

YTD Rain			
	30-Yr. Avg.	FY15	FY16
Inches	24	22	19
Days	59	52	57

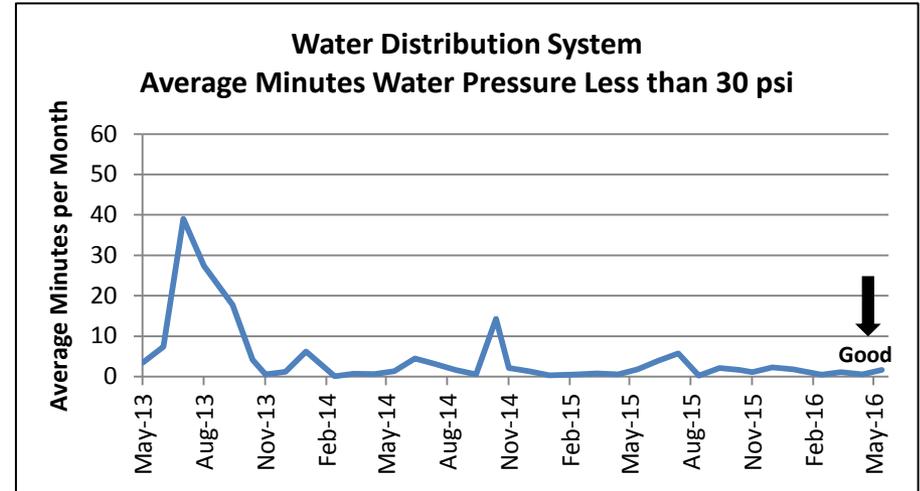
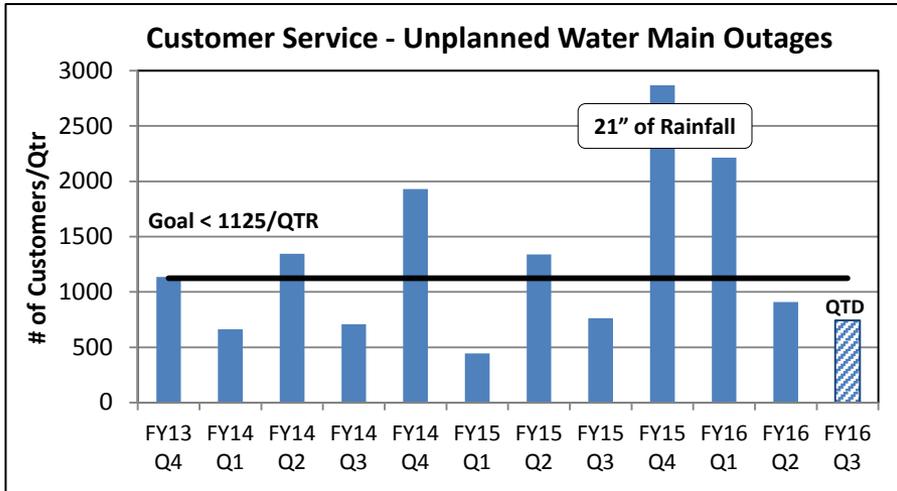
YTD Customer Accounts			
	FY15	FY16	%
Water	326,493	334,230	2.4%
Sewer	252,035	258,607	2.6%
Reclaimed	6,025	7,708	27.9%

Total System	3.1%
Residential	1.9%
Comm./Industrial	4.3%
Irrigation	3.9%

Customer Reliability Objectives

Water and Wastewater System

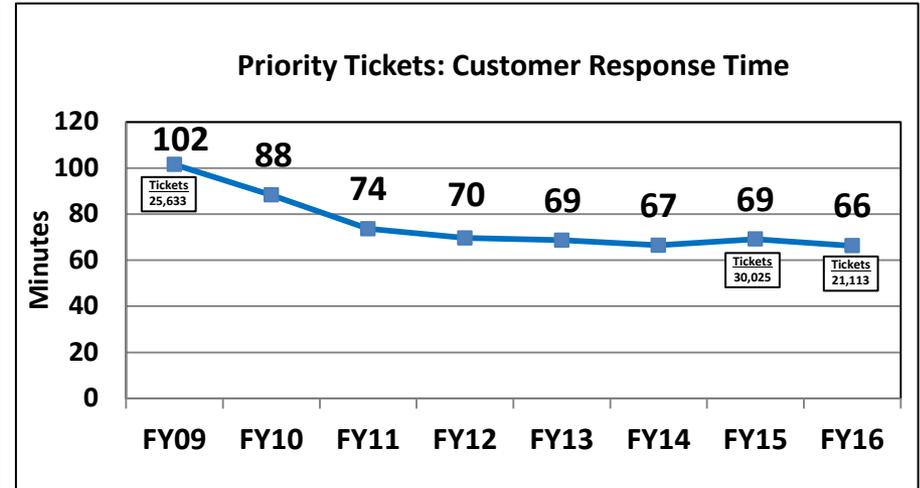
Water Grid Performance	Metric	FY2016 YTD	FY2016 Target	FY2015	FY2014
Water Main Outages	# of Customers per Year	3,867	4,500	5,659	4,645



Unplanned Water Outages
 # of Customers Affected by Unplanned Outages has increased due to rainfall and ground saturation

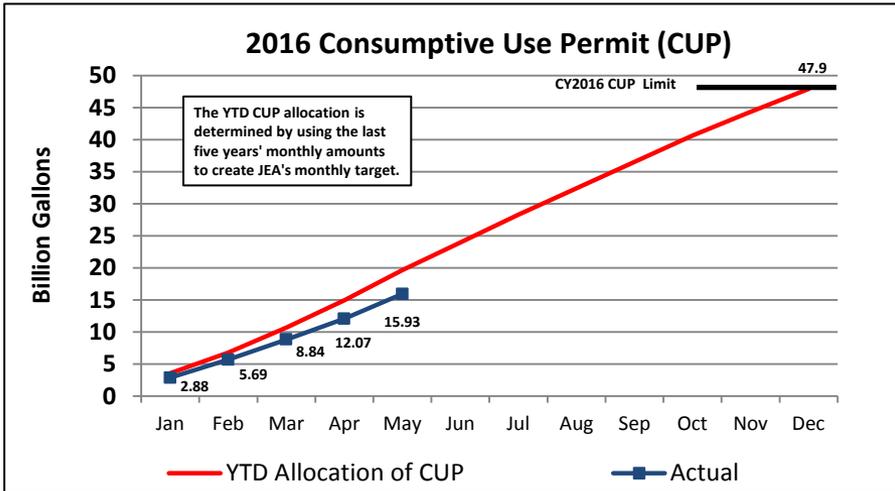
Water Pressure (minutes per month < 30 psi)
 Measured by 110 pressure monitoring stations in the distribution system. Pressure must be greater than 20 psi, and is expected to be greater than 50 psi.

Customer Response Time
 Average time from a customer call to the ticket completion or transfer to a field crew for a more extensive repair



Note: Priority Tickets are defined as an interruption of water or sewer service

Compliance	Metric – CY Basis	2016 YTD	2016 Target	2015	2014
Water	CUP Limits (MGD)	105	131 limit	107 (129 limit)	104 (127 limit)
South Grid	Wellfield Allocation (MGD)	47.99	< 50.23 limit	47.50 (<50.23 limit)	46.61 (<61.23 limit)
Reclaim	Usage (MGD)	14	15	13	12



CUP Condition 44: South Grid Wellfield Allocation Limits

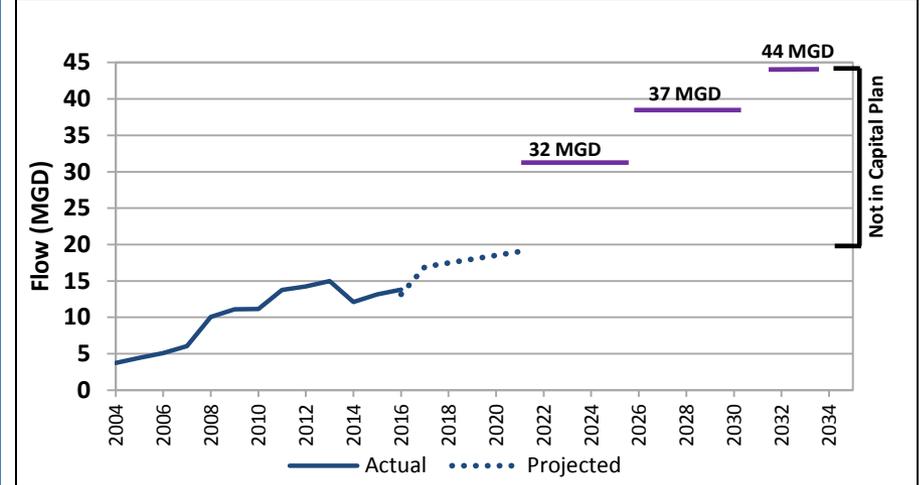
Critical Wellfields	Actuals				YTD	Post Sep-14 Limit
	2013	2014	2015	2016		
Deerwood III	6.96	7.01	6.67	5.87	5.87	7.00
Ridenour	5.97	6.39	6.66	7.16	7.16	6.85
Oakridge	8.78	6.23	4.99	5.37	5.37	5.65
Greenland	---	1.53	4.27	4.01	4.01	4.53
Brierwood	5.58	4.53	2.84	3.36	3.36	3.02
Subtotal	27.29	25.69	25.43	25.78	25.78	27.05
Other Wellfields	22.21	20.92	22.07	22.21	22.21	23.18
Total South Grid	49.50	46.61	47.50	47.99	47.99	50.23
Total System	MGD	100	104	107	105	131

St. Johns River Water Management District CUP

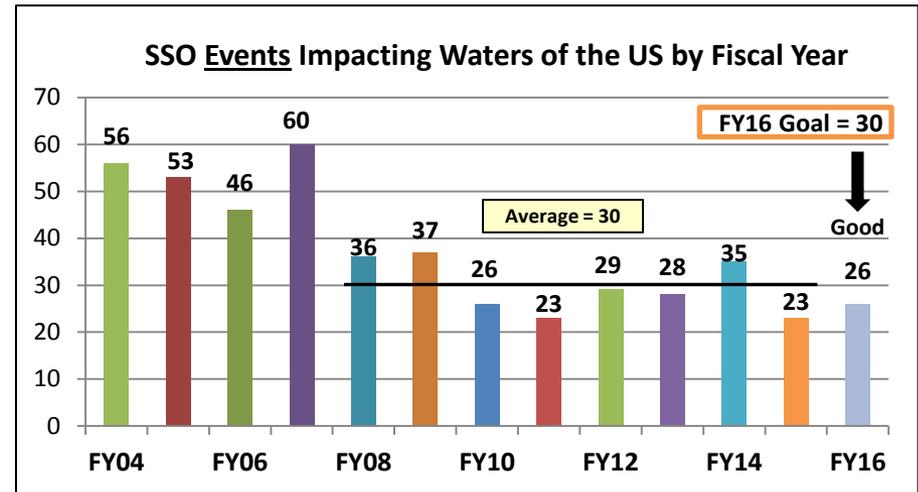
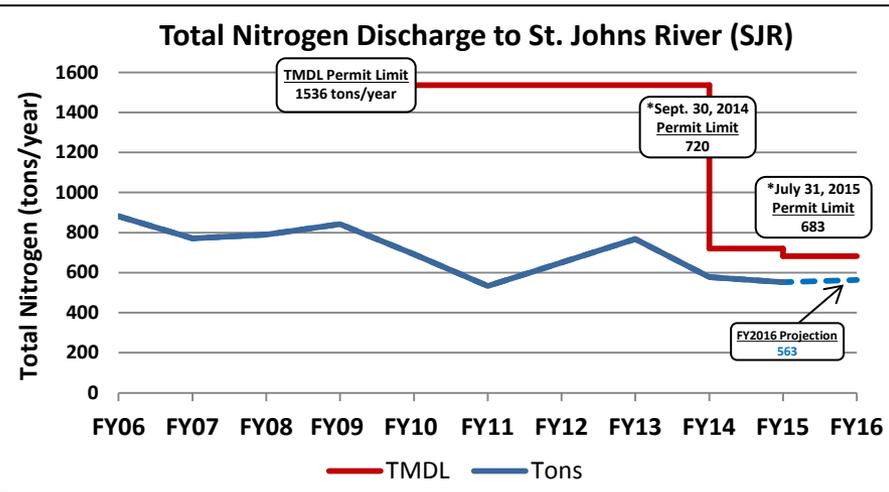
Condition 12: YTD average daily flow is 24% below CY limit of 131 MGD

Condition 44: South Grid Wellfields have annual operational flexibility of 20% above the allocation limits

Conditions 37/38: Use of reclaimed water “to the maximum extent technologically, economically, and environmentally feasible”. The annual CUP limit continues to increase beginning in FY21 if 32 MGD is achieved.



Compliance	Metric	FY2016 YTD	FY2016 Target	FY2015	FY2014
Sewer	Nitrogen (N) Tons – FY basis	372	600	553 (TMDL of 683*)	577 (TMDL of 720*)

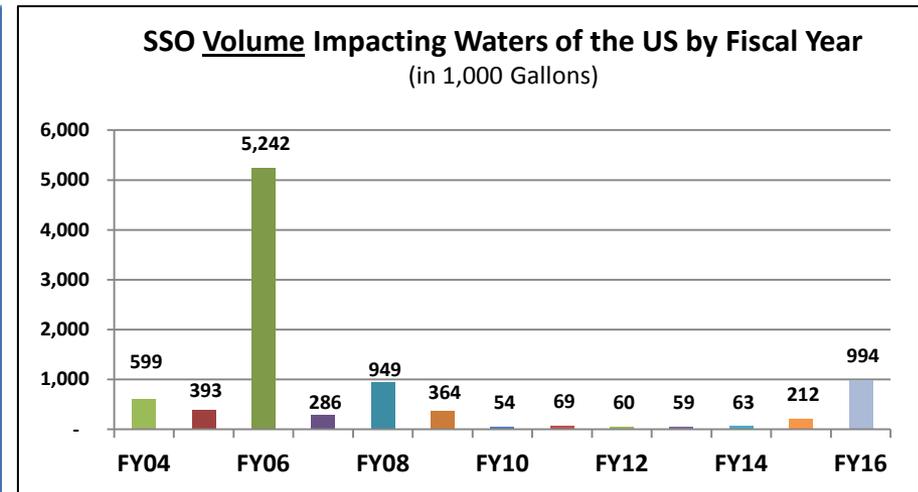


Nitrogen Discharge to St. Johns River

Florida Department of Environmental Protection (FDEP) has reduced the Total Maximum Daily Load (TMDL) to 683 tons with Water Quality Trading Credits allocated to the COJ

Sanitary Sewer Overflows (SSOs)

FY15 SSO achievement of 23 events matched the FY11 record performance. A single event in October 2015 has elevated the SSO volume for FY16.





JEA Water and Sewer System

Financial Results and Cost Metrics

(\$ in thousands)

Revenues	FY16 Forecast	FY15 Actual	FY16 Budget	FY16F vs FY15 (\$)	Variance (%)
Water & Sewer Revenues	\$ 395,345	\$ 393,167	\$ 383,162	\$ 2,178	0.6%
Other Revenue	35,917	43,750	34,529	(7,833)	-17.9%
Total Revenues	\$ 431,262 ①	\$ 436,917	\$ 417,691	\$ (5,655)	-1.3%
<div style="border: 1px solid black; padding: 2px; display: inline-block;">\$14M</div>					
Select Expenses					
O & M Expense	\$ 133,004 ②	\$ 127,174	\$ 138,368	\$ (5,828)	-4.6%
Net Revenues	\$ 272,611	\$ 278,471	\$ 254,266	\$ (5,860)	-2.1%
<div style="border: 1px solid black; padding: 2px; display: inline-block;">\$18M</div>					
Capital Expenditures	\$ 161,895¹ ③	\$ 100,806	\$ 175,000	\$ (61,089)	-60.6%
Debt Service	\$ 97,478	\$ 101,108	\$ 105,370	\$ 3,630	3.6%

Depreciation
\$132 million

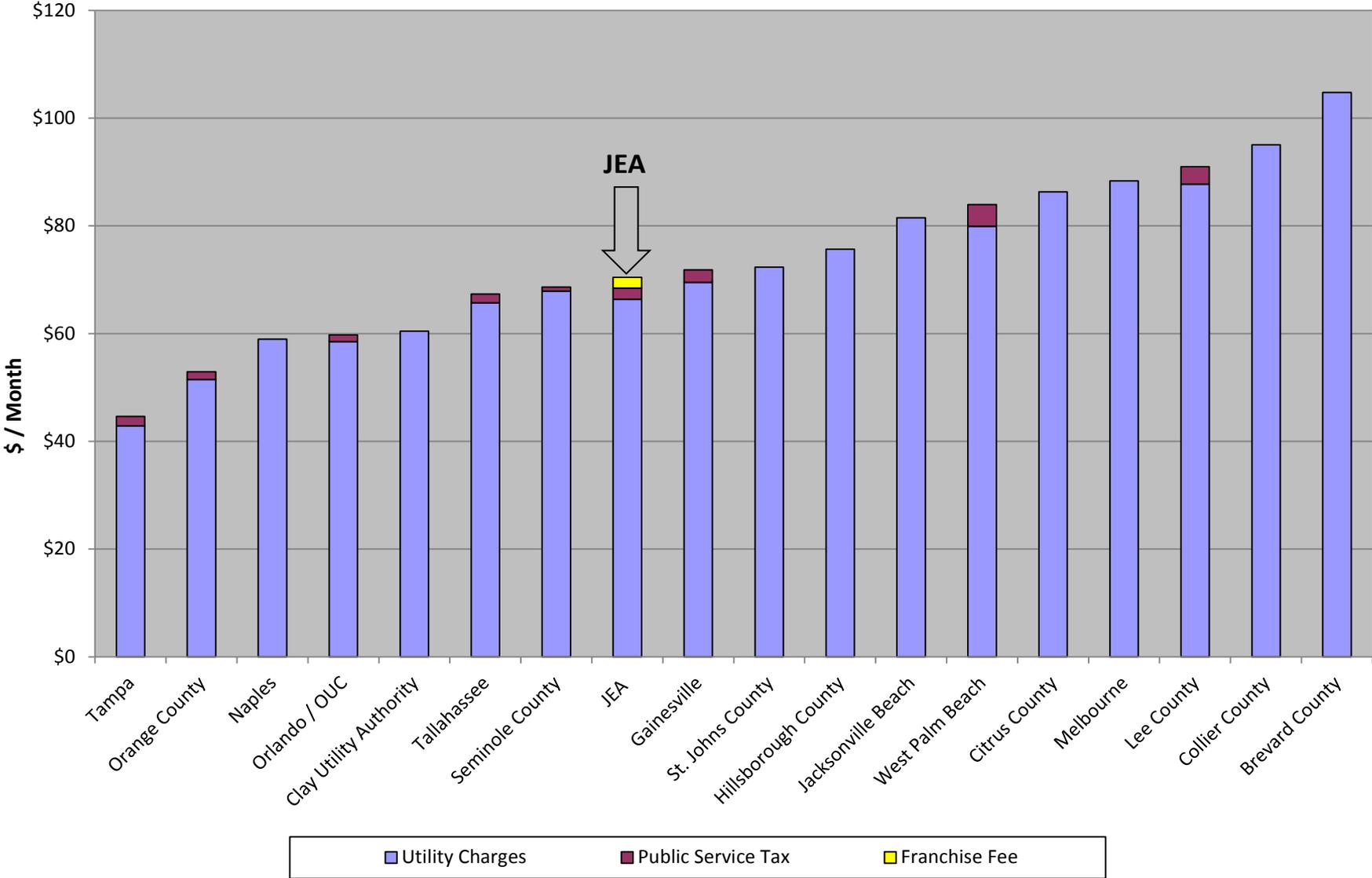
Metrics	FY16 Forecast
Coverage:	2.8x
Days Cash/Liquidity:	154 / 276
Debt/Asset:	53% (2% lower)
Total Debt:	\$1.6B (\$33M lower)

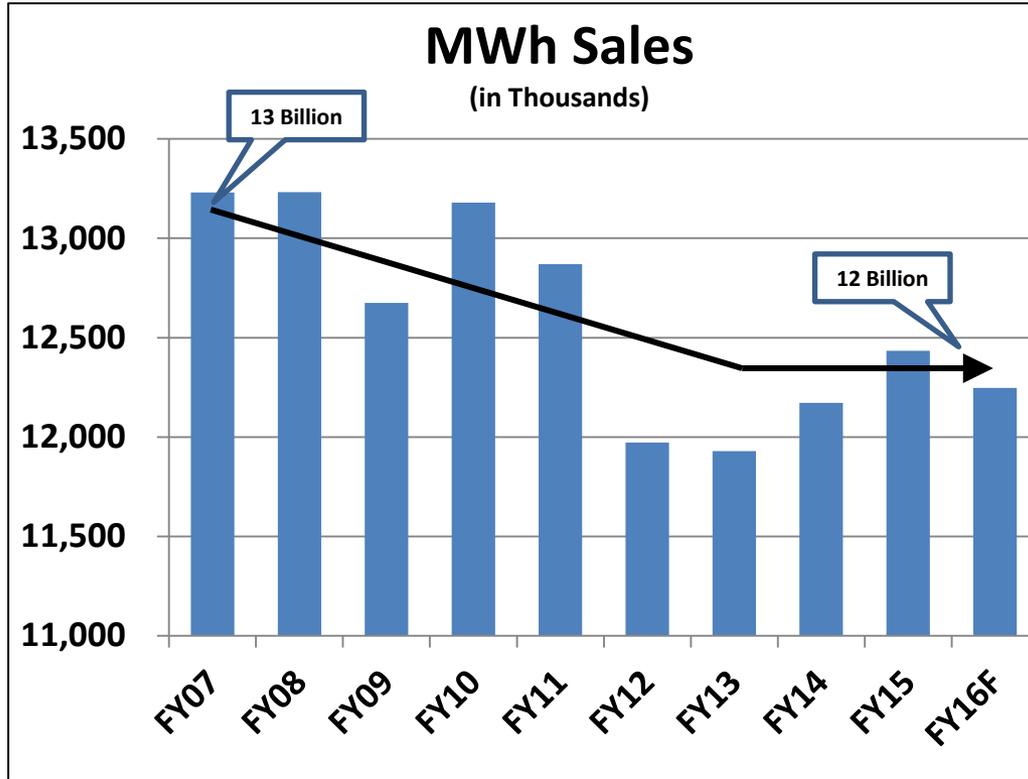
Cost / KGal	Water	Sewer
Target	\$ 3.98	\$ 7.25
Forecast	<u>4.50</u>	<u>7.77</u>
Difference	\$ (0.52)	\$ (0.52)

¹ Council approved limit for capital expenditures in FY16 is \$195 million

Water & Sewer Rates in Florida

Residential Service with a 5/8" meter and 6 kgals of Consumption
 Residential Rates as of June 2016





Month	FY15	FY16	%
Oct	971,595	952,515	(2.0%)
Nov	895,617	923,705	3.1%
Dec	943,753	922,956	(2.2%)
Jan	1,035,621	1,049,897	1.4%
Feb	934,102	894,563	(4.2%)
Mar	898,524	893,954	(0.1%)
Apr	954,803	900,013	(5.7%)
May	1,062,459	1,089,555	2.6%
Year-to-Date	7,696,474	7,627,158	(0.9%)
Jun	1,187,741		
Jul	1,254,252		
Aug	1,212,295		
Sep	1,083,446		
Total/Forecast	12,434,208	12,247,084	

Unit Sales Driver: Degree days 8% lower than last year.

YTD Degree Days		
30-yr. Avg.	FY15	FY16
2,112	2,206	2,029

YTD Customer Accounts		
FY15	FY16	%
445,342	452,833	1.7%

Total System	(0.9%)
Residential	(3.1%)
Comm./Industrial	1.5%
Interruptible	(3.4%)
Wholesale (FPU)	(0.9%)

T&D Grid Performance	Metric	FY2016 YTD	FY2016 Target	FY2015	FY2014
Customer Outage Frequency	# of Outages per Year	1.7	1.8	1.7	1.7
Electric Outage Duration	# of Minutes out per Year	85	80	99	71
Transmission Line Faults	# of Faults per 100 miles	1.6	3.0	1.7	2.4
CEMI ₅	% Customers > 5 outages per yr	2.1	1.5	2.1	2.34

Electric Service Reliability

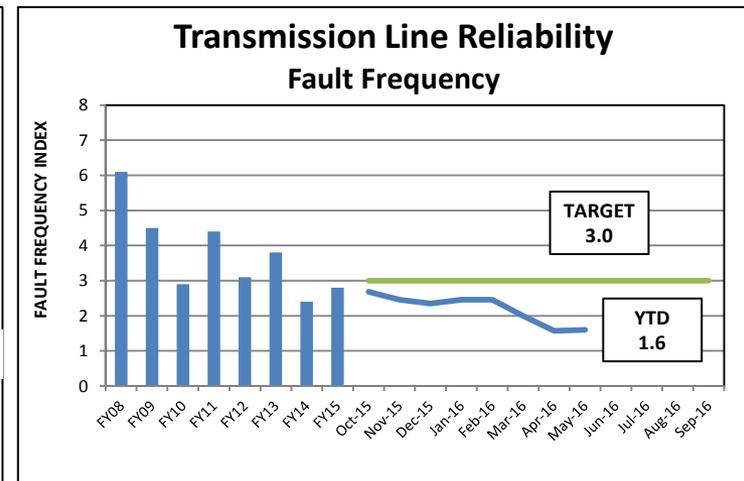
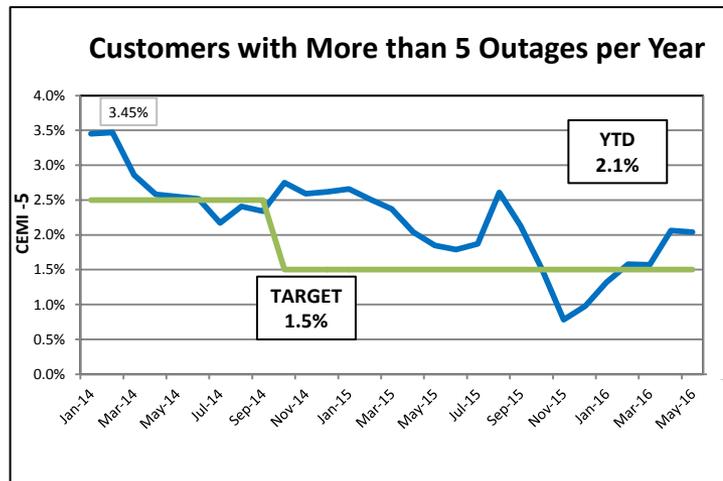
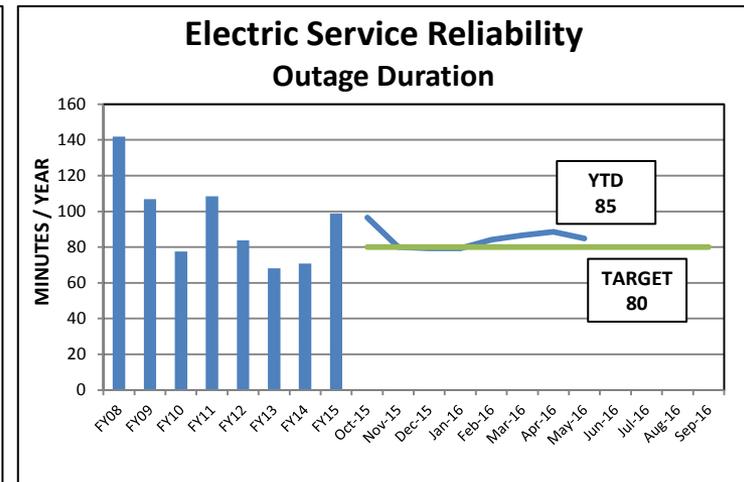
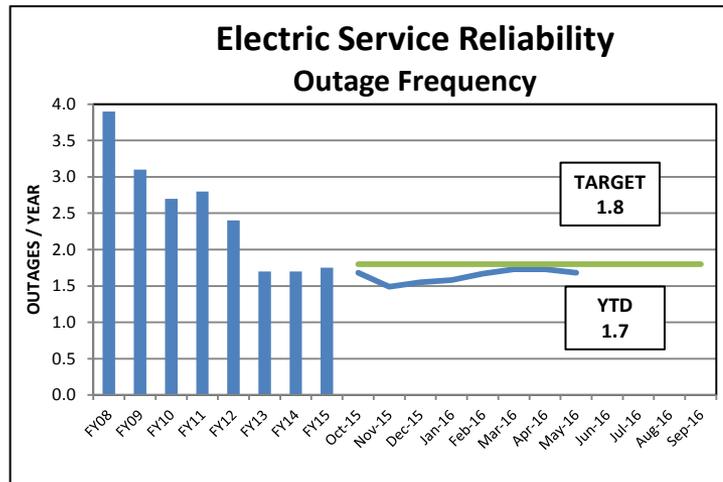
- Outage frequency and duration have been reduced significantly over the last 8 years; running flat this year and near the FY2016 targets.
- The typical JEA customer sees 1.7 outages per year and a total outage duration of 85 minutes
- CEMI₅: 9,443 (2.1%) of our customers have experienced more than 5 outages in the past 12 months

Transmission Line Reliability

- Overall downward trend over the last eight years
- YTD (1.6) running below the FY16 target

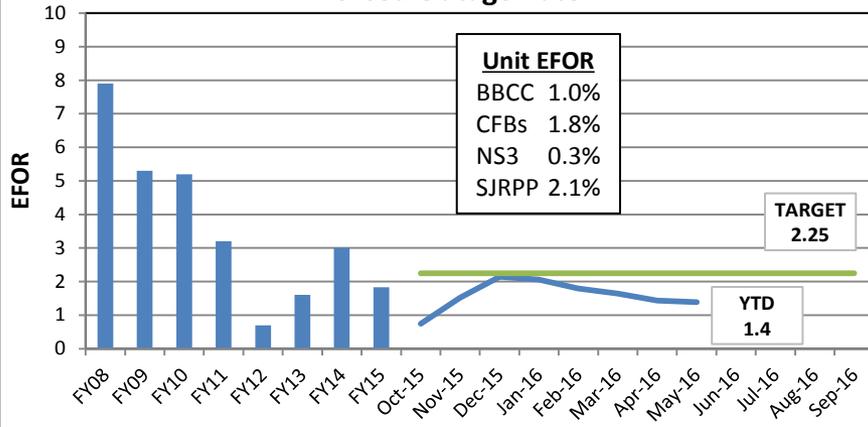
Other Operational Metrics

- Continue showing favorable trends over time

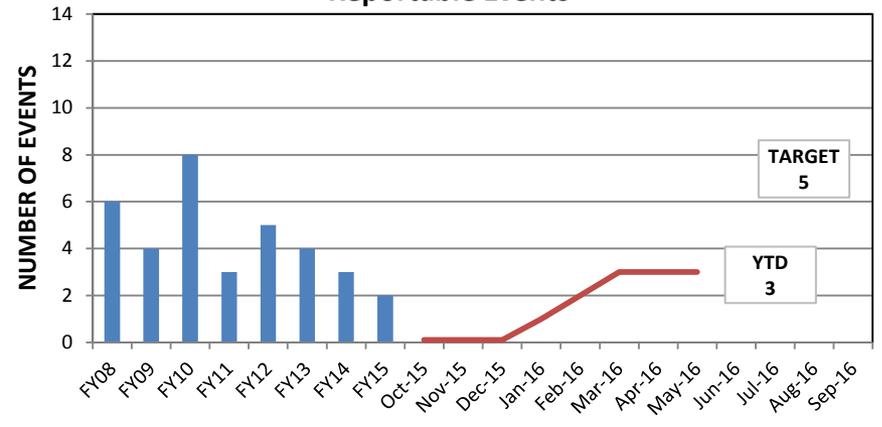


Generating Plant Performance	Metric	FY2016 YTD	FY2016 Target	FY2015	FY2014
Generation Fleet Reliability	Forced Outages Rate	1.4	2.25	1.8	3.0
Environmental Compliance	Permit Exceedances	3	5	2	3

JEA Fleet Reliability Forced Outage Rate



Environmental Compliance Reportable Events



Generating Fleet Reliability

- The JEA fleet Forced Outage Rate is in line with prior 5-year performance and under FY2016 target of 2.25
- Successful outages completed last fall on all three Northside Units, with additional work completed this spring at Brandy Branch, SJRPP and Scherer.
- High unit reliability contributes to lower fuel and non-fuel expenses

Environmental Compliance

- Excellent environmental performance in prior years.
- We've experienced three reportable event to date during FY2016.
- JEA remains actively engaged in and preparing for all new and emerging environmental regulations.

JEA Electric System

Financial Results and Cost Metrics

(\$ in thousands)

Revenues	FY16 Forecast	FY15 Actual	FY16 Budget	FY16 vs FY15 (\$)	Variance (%)
Fuel Revenue	\$ 411,642 ¹	\$ 486,362 ²	\$ 485,631	\$ (74,720)	-15.4%
Base Revenue	725,254	741,411	711,502	(16,157)	-2.2%
Other Revenue	41,888	38,183	51,716	3,705	9.7%
Total Revenues	\$ 1,178,785	\$ 1,265,956	\$ 1,248,849	\$ (87,171)	-6.9%

\$ (70M)

Select Expenses	FY16 Forecast	FY15 Actual	FY16 Budget	FY16 vs FY15 (\$)	Variance (%)
Fuel Expense	\$ 380,270	\$ 441,076	\$ 460,315	\$ 60,806	13.8%
Fuel Fund Transfers	31,373	45,286	25,255	13,913	
O & M Expense	205,369	191,764	222,827	(13,605)	-7.1%
Non-fuel Purchased Power	97,717	114,804	113,015	17,087	14.9%
Net Revenues	\$ 449,036	\$ 461,604	\$ 405,311	\$ (12,568)	-2.7%

\$44M

Capital Expenditures	\$ 165,514	\$ 116,728	\$ 153,200 ³	\$ (48,786)	-41.8%
Debt Service	\$ 176,710	\$ 175,779	\$ 185,614	\$ (931)	-0.5%

Electric Costs / MWh	Non-Fuel
Target	\$ 49.44
Actual	54.09
Difference	\$ (4.65)

Financial Metrics	FY16 Forecast
Coverage:	2.5x
Days Cash/Liquidity:	206 / 328
Debt/Asset:	66% (2% lower)
Total Debt:	\$3.0B (\$150M lower)

Fuel Fund	(\$ in millions)
Beginning Balance	\$ 151
Surplus/(Deficit)	88
Fuel Credit	(57)
Ending Balance	\$ 182

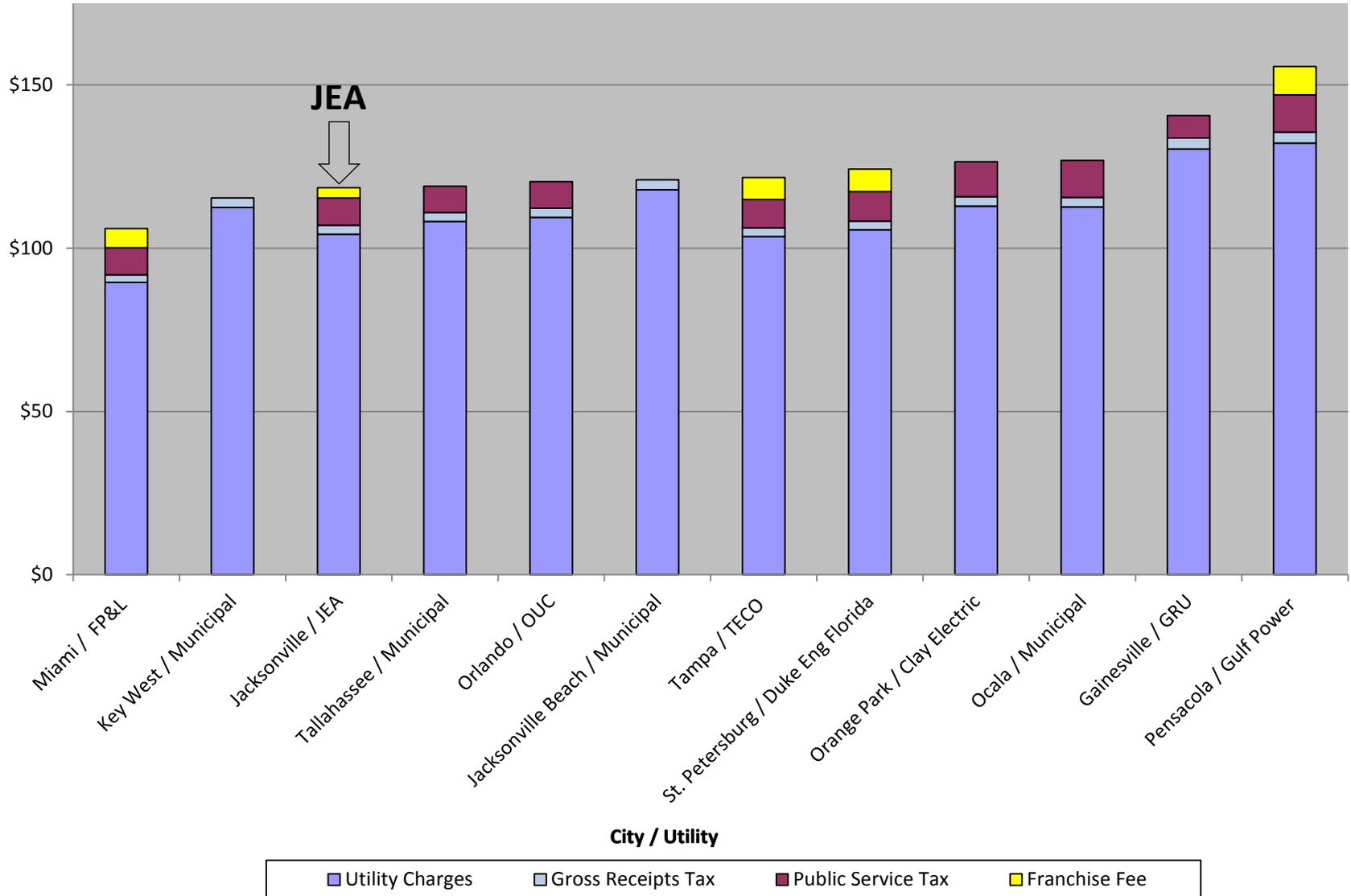
¹ Net of \$57 million fuel credit in October bill and fuel rate reduction in February

² Net of \$50 million fuel credit in FY15

³ Council approved limit for capital expenditures in FY15 is \$170 million

Florida Utilities Monthly Residential Electric Bill Comparison

(Consumption @ 1,000 kWh)
Residential Rates as of June 2016



Customer Experience

Presenter: Monica Whiting

Date: May 2016

FY16 Customer Satisfaction Goal

Achieve 1st Quartile Ranking for JD Power Customer Satisfaction Index for both Residential and Business Studies

Residential (R)

FY14		FY15		Wave 1		Wave 2		Wave 3		Wave 4		FY16 YTD	
3Q	647	1Q	692	2Q	698	2Q	700	1Q	720			1Q	706

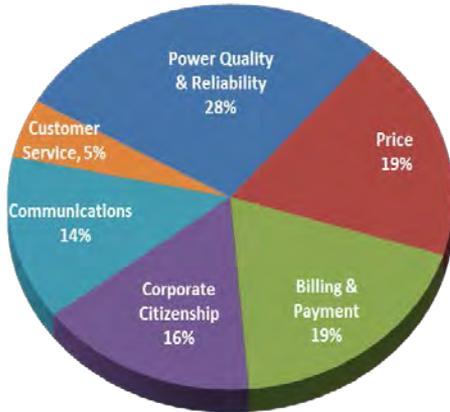
Business (B)

FY14		FY15		FY16 YTD	
1Q	682	1Q	705	1Q	754

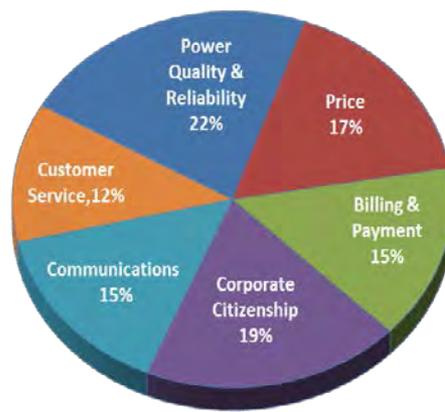
"Highest Customer Satisfaction with Business Electric Service in the South among Midsize Utilities."



Residential



Business



2016 Residential # of companies ranked: 137

137

2016 Business # of companies ranked: 86

86

1Q= 1st quartile 2Q= 2nd quartile 3Q = 3rd quartile 4Q = 4th quartile

Achieve 1st Quartile Ranking on All Drivers

Be Easy to Do Business With

Customer Service

	FY15		Wave 1		Wave 2		Wave 3		Wave 4		FY16 YTD	
R	1Q	775	1Q	777	1Q	777	1Q	799			1Q	784
B	1Q	754	1Q	798	2Q	767					1Q	782

Power Quality & Reliability

	FY15		Wave 1		Wave 2		Wave 3		Wave 4		FY16 YTD	
R	2Q	736	2Q	744	2Q	751	1Q	766			2Q	753
B	2Q	736	1Q	813	1Q	774					1Q	794

Empower Customers to Make Informed Decisions

Billing & Payment

	FY15		Wave 1		Wave 2		Wave 3		Wave 4		FY16 YTD	
R	1Q	755	2Q	753	1Q	770	1Q	778			1Q	767
B	1Q	756	1Q	809	2Q	762					1Q	785

Communication

	FY15		Wave 1		Wave 2		Wave 3		Wave 4		FY16 YTD	
R	1Q	653	2Q	660	2Q	654	1Q	687			1Q	667
B	1Q	648	1Q	741	1Q	701					1Q	721

Price

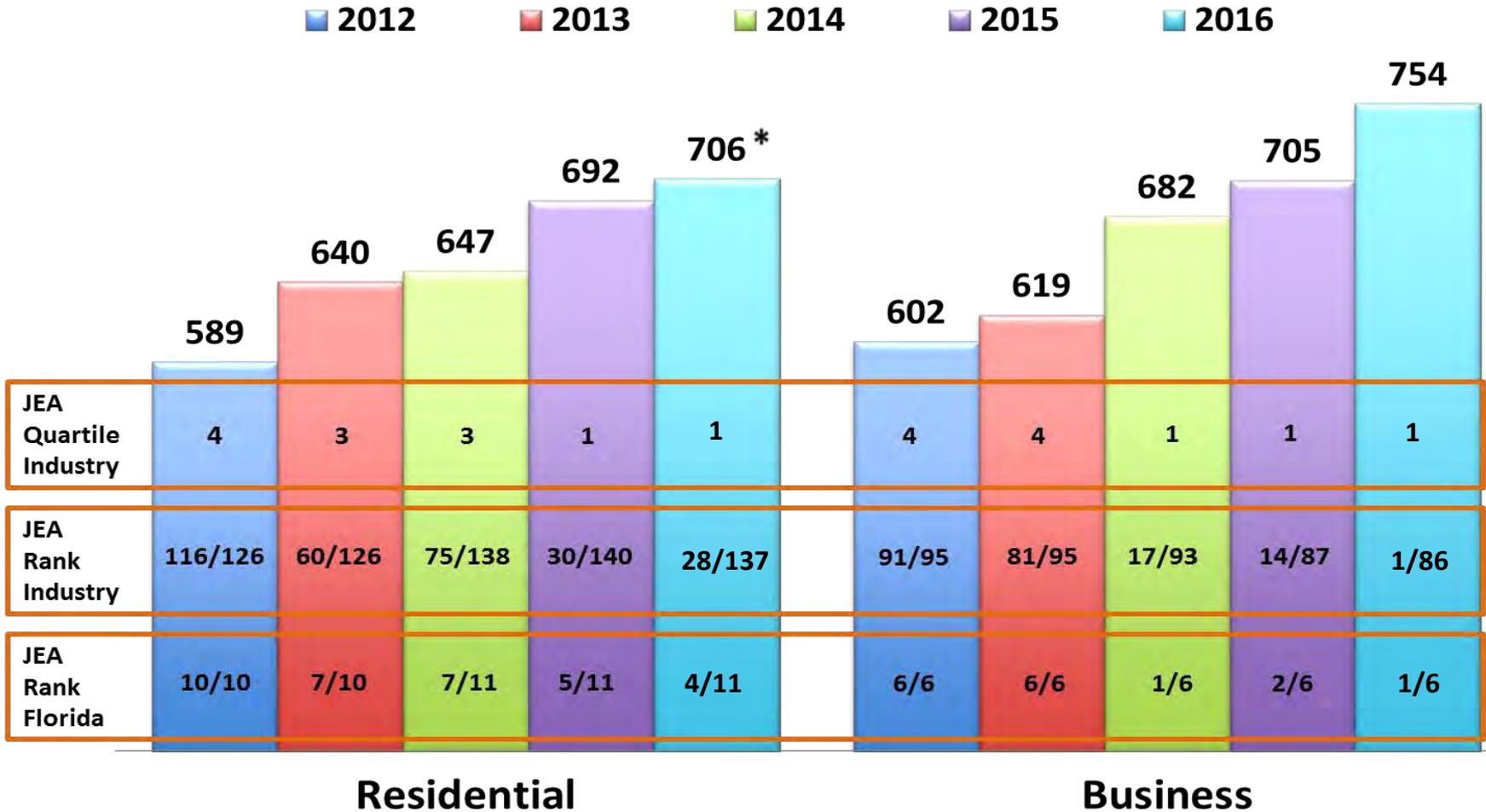
	FY15		Wave 1		Wave 2		Wave 3		Wave 4		FY16 YTD	
R	2Q	615	2Q	619	2Q	620	1Q	645			2Q	628
B	1Q	650	1Q	728	2Q	674					1Q	701

Demonstrate Community Responsibility

Corporate Citizenship

	FY15		Wave 1		Wave 2		Wave 3		Wave 4		FY16 YTD	
R	2Q	634	2Q	655	2Q	635	1Q	667			1Q	652
B	1Q	673	1Q	736	1Q	727					1Q	731

Customer Satisfaction Index Scores

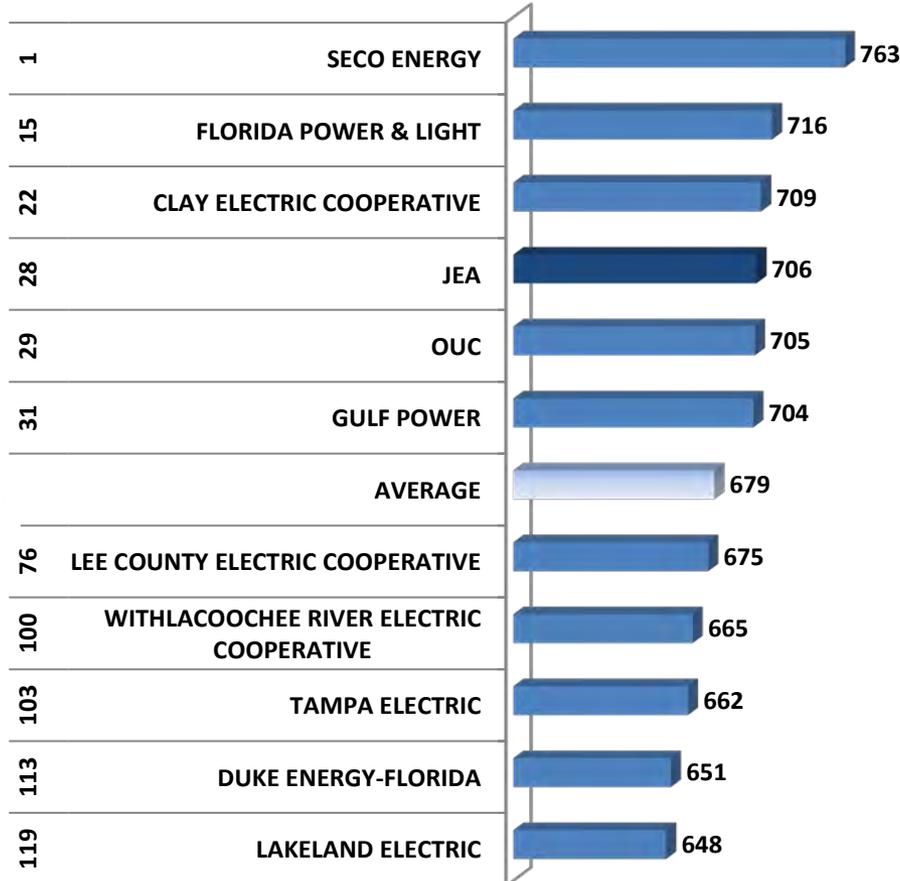


* Data for residential is YTD with the recent Wave 3 survey results. Business is final for 2016

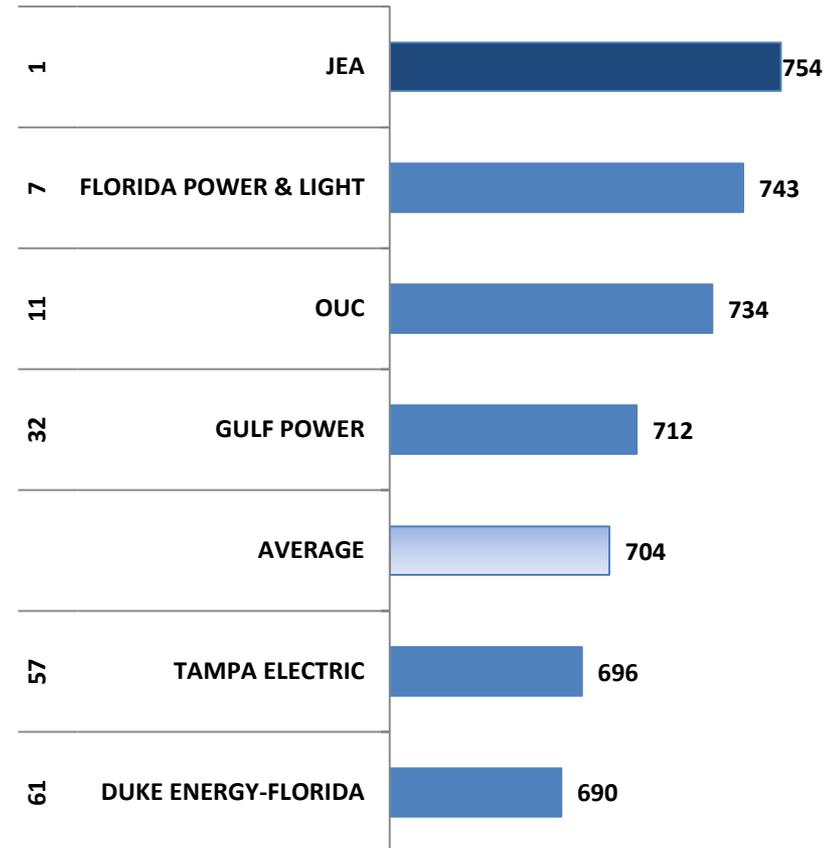
Customer Satisfaction Index Scores

Florida Utilities

Residential



Business



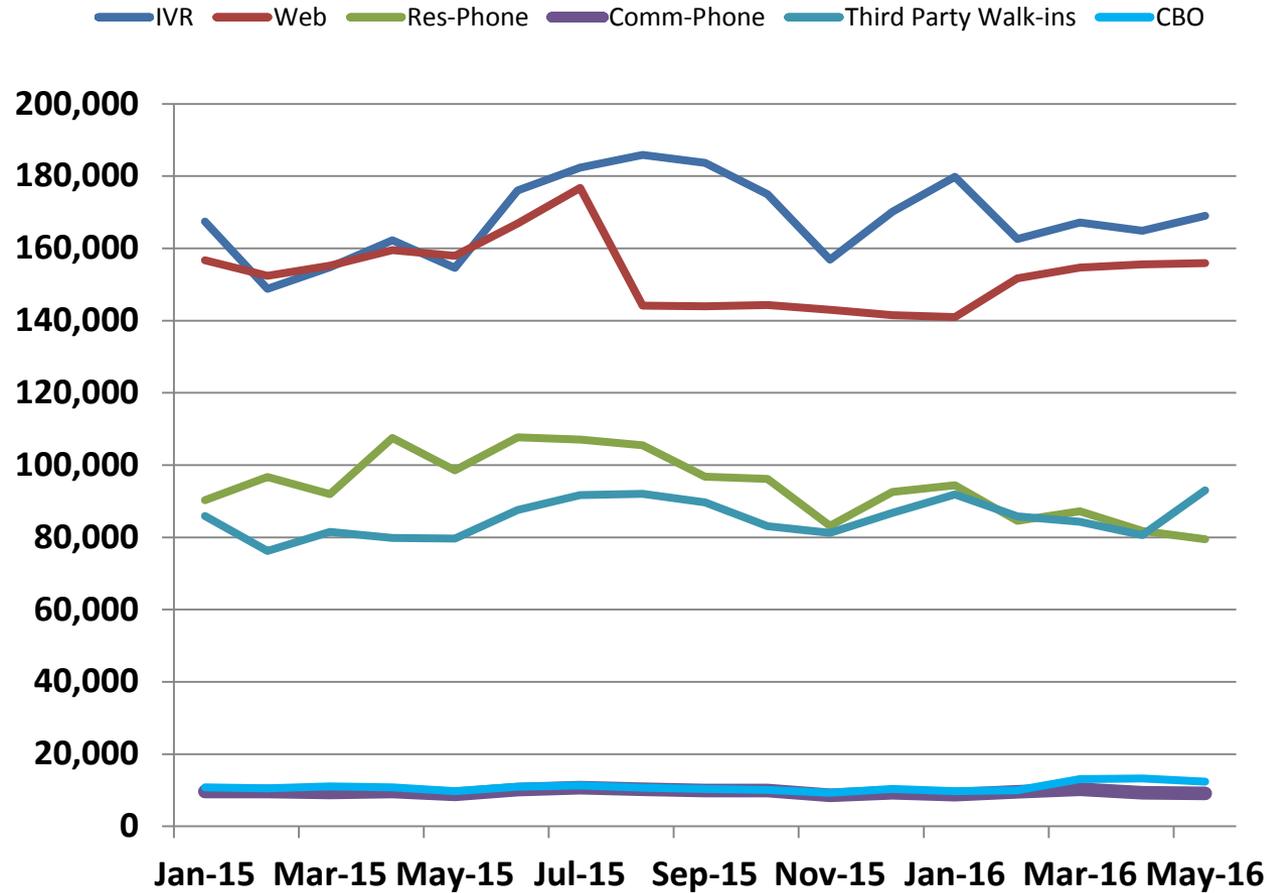
- Data for residential is YTD with the recent Wave 3 survey results ranking 137 utilities
- Business is final for 2016 ranking 86 utilities

Providing multiple contact channels allows the customer to interact with JEA in a way that's easiest for them.

Customer Satisfaction Rating: 8s-10s by Channel - JDP

	FY15	FY16	Ind.
Phone	65.5%	72.9%	61.2%
CCC	60.8%	52.2%	60.5%
IVR	68.5%	80.9%	61.4%
Web	74.0%	61.9%	60.8%

Transactional Volume



Accurately addressing a customer's needs the first time produces a positive customer experience

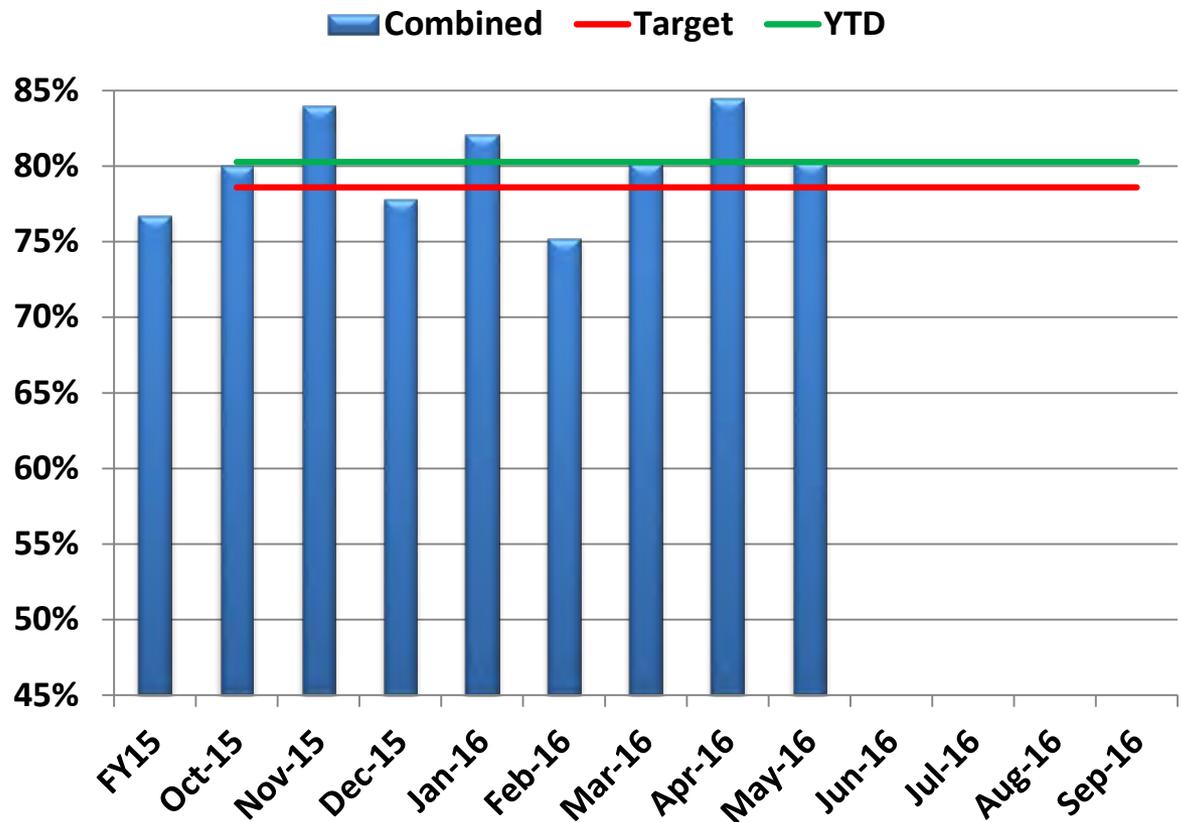
FY2016 YTD

Residential CC	78.3%
Branches	81.7%
Commercial CC	76.3%
IVR	82.5%
jea.com	79.3%
Overall	80.3%

JD Power FCR

	FY15	FY16	Ind.
Res CC/IVR	74.3%	75.6%	73.2%
Jea.com	80.2%	76.0%	74.6%
Bus CC/IVR	73.8%	71.4%	67.8%

First Contact Resolution Branches, Call Centers, and jea.com



Customers are more satisfied when receiving additional information when reporting an outage and when given updates when power is restored

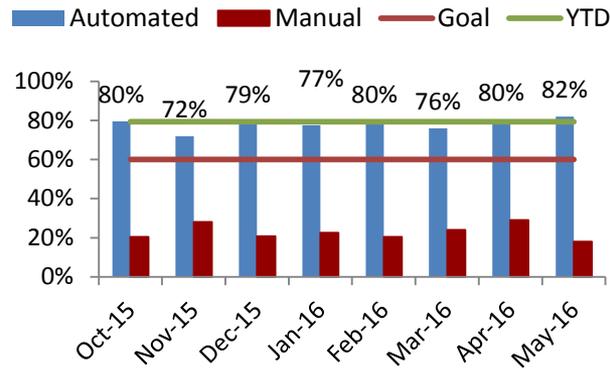
JD Power
“Keeping you informed about outage”

Score	FY15	FY16	Ind.
8 – 10	36.1%	39.5%	35.0%
< 5	24.1%	19.7%	20.2%

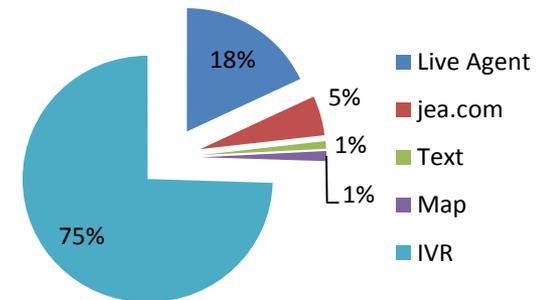
Outage Information Points

	FY15	FY16 YTD
JEA	2.3	2.1
Ind.	2.1	2.1

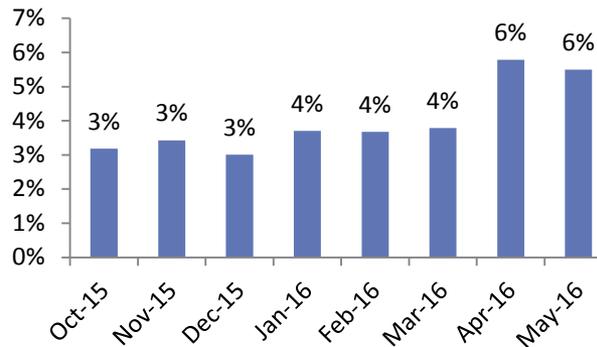
Automated Outage Reporting



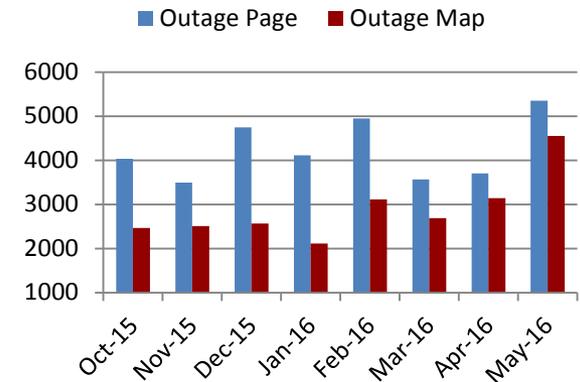
Outage Reporting by Channel



% Customers Receiving Outage Updates



jea.com Outage Page Volume



Customer Solution Participation	FY16 Goal	FY16 YTD
e-Billing Participation	72,600	70,427
Levelized Bill Participation	20,186	19,724
AutoPay Participation	36,640	32,877
JEA MyWay Participation	11,235	★ 11,901

Our April-May eBill Campaign was a huge success, enrolling over 5,000 new customers and helping us to achieve 80% of our FY16 goal to date!



	FY16YTD	Industry Benchmark*
e-Bill	17.8%	18.5%
Budget Bill	5.0%	9.0%
Auto Pay	8.3%	13.0%
*2015 IOU Benchmark Average		

Communicating with customers is a key driver of satisfaction and impacts all drivers.

JDP Frequency of Comm Received FY16 YTD

Not enough	8%
Just right	86%
Too much	6%

JDP Comm Awareness Residential

FY13	48.8%
FY14	51.9%
FY15	54.6%
FY16 YTD	55.0%

Commercial

FY13	53.4%
FY14	55.7%
FY15	70.4%
FY16 YTD	54.8%

NEWS FROM JEA

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Preparing for Storm Season

Energy & Water Efficiency

How to Water Efficiently, Follow Water Restrictions and Still Have a Green Lawn

In order to efficiently water your lawn in the summer, experts say you must begin by calibrating your sprinkler system.

"It doesn't matter if it's an in-ground system or if it's a hose with a sprinkler attached that you had around the yard," said Terry DeWalle, horticulture agent for UF's Duval County Extension Office. "You still need to calibrate first." Calibration is the process of finding out how much water comes out of each sprinkler head during a given amount of time.

DeWalle says in the summer you want to put out 1/2 to 3/4-inch each time you water, which is only twice a week given the current water restrictions. This will soak the soil and give your grass a deeper root system.

"You don't want to guess. Too much water is costly and opens the door to weeds and disease problems," DeWalle said.

To calibrate, gather together some straight-sided cans, the kind that tuna fish or cat food comes in. Place the cans in your yard and turn on your irrigation system. Run the system for a set period of time (10 minutes) and measure the amount of water in each can. Add amounts together and divide by the number of cans to get an average. Then determine how long you need to run the system to deliver between 1/2 and 3/4 inch of water. Different zones will likely take different amounts of time to calibrate each zone. Once you get run times for each zone, program the timer into your system's timer clock. If there's a big variation between zones, you may want to have someone look at your system.

"The other important thing to do is make sure your main sensor is working," DeWalle said.

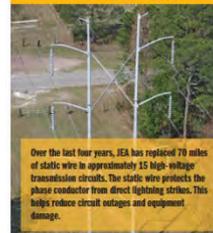
Rain sensors will turn your in-ground system if there was sufficient rainfall and irrigation is not necessary. But DeWalle says rain sensors often need to be replaced. "If your sensor is five years old, there's a good chance it's not working properly," she said.

Finally, DeWalle recommends a rain gauge in your yard. "This way you'll know right away if you need to water," she said. "Every time you can manually shut off your system, you save yourself money."



Connect with JEA on Facebook, Twitter, LinkedIn, and YouTube.

ELECTRIC RELIABILITY



COMMUNITY INVESTMENT



ELECTRIC SAFETY



Protecting The Environment



Communication Channels FY16 Volume: 178,684,771

- **e-Com** (jea.com, email, social) 22,993,115
- **Paid Media** (Radio, TV, Print) 146,661,632
- **Community Engagement** (Events, Workshops) 368,619
- **Other Communication** (Bill Inserts, Brochures) 8,661,405



Giving back to our community through volunteering is foundational as a community-owned utility

FY16 YTD
Volunteers—473

May— 82 Volunteers

- Habijax
- Miracle on Ashley Street
- Jazz Festival
- Feeding NE Florida Food Bank

June—Vol. Events

- Make a Wish Walk – June 4
- Salvation Army – June 6
- Habijax Blitz Build – June 6 - 10
- Aging True at Cathedral Terrace – June 15
- Hubbard House – June 16
- Feeding NE Florida Food Bank – June 16
- Dignity U Wear – June 24

JEA Employee Volunteer Participation



JEA Ambassadors are engaging customers throughout our community in a greatly expanded way.

FY16 Activities:

- Speakers Bureau—44
- Facility Tours—26
- Community Events—77
- Educational Partnership Activities—29



JEA Employee Ambassadors participated in 34th Annual Mental Health and Community Fair, sharing information with seniors about JEA products and service, conservation and JEA Senior Day.

JEA Employee Ambassadors delivered the JEA Power Pals Program at Rufus E Payne Elem. teaching 1st graders about electric and water safety.



JEA Ambassador Program

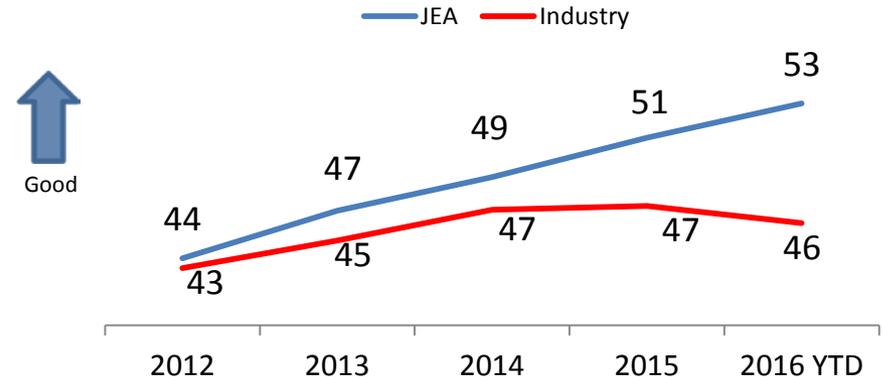


DSM Programs & Participation	FY16 Goal	FY16 YTD
On-site Efficiency Assessment	N/A	4,395
Tracker Participation (Entering Site)	105,000	69,533
Invest Smart	230	132
Shop Smart	61,851	31,606
Neighborhood Energy Efficiency	1,280	846
Electric Vehicle Rebates	55	36
Charging Stations Installed	26	29

The JEA Drive Electric team brought the EV Experience to Nemours to show off the benefits of electric vehicles to their employees



Familiarity with Utility Energy Efficiency or Conservation Programs (%)

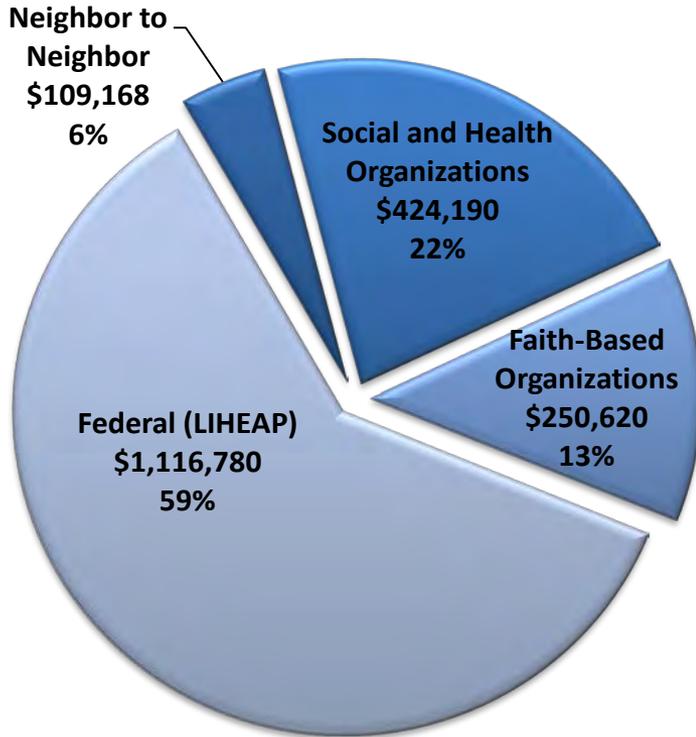




Building Community

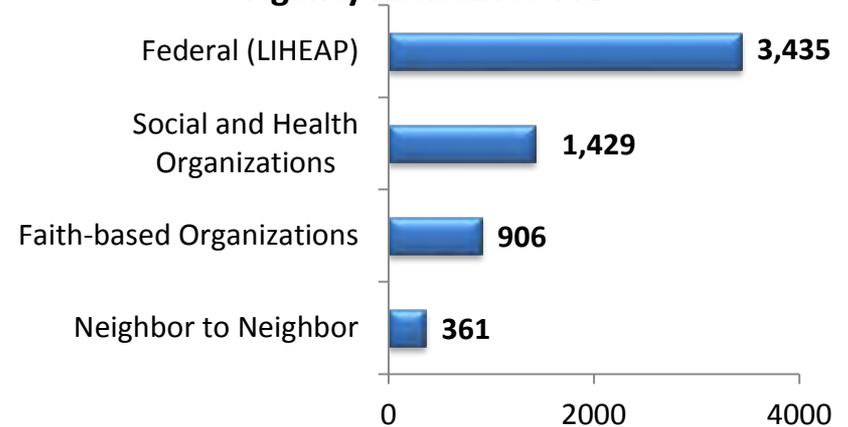
Demonstrating Community Responsibility

Corporate Citizenship: Customer Assistance Funding



28 agencies provided **838** utility payments on behalf of JEA customers in May 2016 totaling **\$259,625**

Customers Receiving Agency Assistance YTD



Agency & Federal Customer Assistance
FY 16 YTD
\$1,900,757

Number of Customers Receiving Agency & Federal Utility Assistance
FY 16 YTD
6,131

III. B. 1.

JEA 401(a) Defined Contribution Retirement Plan Restatement - Resolution 2016-10



Building Community

AGENDA ITEM SUMMARY

May 23, 2016

SUBJECT:	JEA 401(A) DEFINED CONTRIBUTION RETIREMENT PLAN RESTATEMENT – RESOLUTION 2016-10
-----------------	---

Purpose:	<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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Issue: Periodically, to maintain a retirement plan's tax-qualified status, it is necessary or advisable to amend and restate the retirement plan's written governing plan documents to reflect updates in the law and/or plan design changes. Massachusetts Mutual Life Insurance Company, the plan document provider for the JEA 401(a) Defined Contribution Retirement Plan ("Plan"), has provided restated governing plan documents for the Plan. The Board is required to approve the restated Plan documents in order for JEA to file the documents.

Significance: N/A

Effect: The participants in the Plan are JEA employees in appointed status positions. The restated Plan documents generally reflect the same Plan operations as currently in effect, and reflect updates in the law.

Cost or Benefit: The restated Plan documents do not include any cost increases in comparison to Plan operations currently in effect. The benefit of the restated Plan documents is that they reflect updates in the law to maintain the Plan's tax-qualified status.

Recommended Board action: Staff recommends that the Board approve the attached Resolution 2016-10 for the restated governing Plan documents and authorize JEA's Managing Director/CEO to execute all implementing documents.

For additional information, contact: Pat Maillis - Director, Employee Services, (904) 665-4132

Submitted by: PEM/ARH/PM

MISSION

Energizing our community through high-value energy and water solutions.

VISION

JEA is a premier service provider, valued asset and vital partner in advancing our community.

VALUES

- Safety
- Service
- Growth²
- Accountability
- Integrity

Commitments to Action

- 1 Earn Customer Loyalty
- 2 Deliver Business Excellence
- 3 Develop an Unbeatable Team



III. B. 1.
6/21/2016

INTER-OFFICE MEMORANDUM

May 23, 2016

SUBJECT: **JEA 401(A) DEFINED CONTRIBUTION RETIREMENT PLAN
RESTATEMENT – RESOLUTION 2016-10**

FROM: Paul E. McElroy, Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

JEA, as Plan sponsor, originally established the JEA 401(a) Defined Contribution Retirement Plan ("Plan") in 2002. The employees who are eligible to participate in the Plan are JEA employees in appointed status positions. Generally, appointed status employees can be described as JEA management staff employees who are exempt from the Civil Service System and serve under the JEA Board of Directors or the JEA Managing Director/CEO.

The Plan is a voluntary, defined contribution plan that permits, but does not require, eligible employees to defer a percentage of their compensation and annual incentive pay (if any) into the Plan to allow saving on a tax-deferred basis. The Plan also permits, but does not require, JEA to make discretionary contributions to the Plan to provide discretionary incentive pay to eligible employees on a tax-deferred basis.

Massachusetts Mutual Life Insurance Company ("MassMutual") is the current plan and trust document provider for the Plan, and MassMutual is the custodian for the participants' Plan accounts. Reliance Trust Company is the current trustee of the Plan's trust.

JEA is the Plan Administrator, with the ministerial day-to-day operations carried out by JEA benefits personnel within the Human Resources Department. Participants direct the investments of their own Plan accounts from a menu of investment options that the Plan offers to them. The menu of investment options is chosen and monitored by an Investment Committee, whose members are JEA employees with appropriate financial expertise.

DISCUSSION:

Periodically, to maintain any retirement Plan's tax-qualified status, it is necessary or advisable to amend the retirement Plan's written plan documents to reflect updates in the law and/or plan design changes. Periodically, it is also beneficial to restate (i.e., re-write) the plan documents in a single written Plan document to reflect all prior amendments and to achieve consistency and legal compliance.

MassMutual has advised that it has received a favorable Internal Revenue Service ("IRS") advisory letter for its new governmental volume submitter plan and trust documents. As a result of the favorable IRS advisory letter, MassMutual will not be maintaining its prior suggested form of governing plan documents. Therefore, it is necessary for the Plan to be amended and restated in conformity with MassMutual's new, IRS-approved, volume-submitter plan and trust documents and to comply with various updates in the law, including the Pension Protection Act of 2006.

MassMutual has prepared restated governing documents for the Plan, which JEA benefits personnel have reviewed with legal counsel. The restated Plan documents are intended to maintain substantially the same Plan design and operations that are currently in effect.

The restated Plan documents consist of:

- Governmental Defined Contribution Volume Submitter Plan and Trust Basic Plan Document [DC-BPD #05] (attached Exhibit A)
- Governmental Volume Submitter Plan Adoption Agreement (attached Exhibit B)

A copy of the IRS favorable advisory letter serial no. J5988573a dated March 31, 2014 issued to MassMutual is also attached (Exhibit C).

Collective bargaining considerations: There is no collectively bargained unit of employees impacted by the restated Plan documents.

Cost considerations: Since the Plan is a defined contribution plan, not a defined benefit pension plan, there is no actuarial cost impact study needed. The Plan benefits payable to any particular participant are determined purely by reference to the balance in the particular participant's account at the time of distribution. The terms of the restated Plan documents will not result in any additional cost of benefits in comparison to current Plan operations.

RECOMMENDATION:

Staff recommends that the Board approve the attached Resolution 2016-10 for the restated governing Plan documents and authorize JEA's Managing Director/CEO to execute all implementing documents.

Paul E. McElroy, Managing Director/CEO

PEM/ARH

JEA Board Resolution No. 2016-10

**RESOLUTION APPROVING THE RESTATED GOVERNING DOCUMENTS
FOR THE
JEA 401(a) DEFINED CONTRIBUTION RETIREMENT PLAN
EFFECTIVE JANUARY 1, 2016**

WHEREAS, JEA ("Employer") previously adopted the JEA 401(a) Defined Contribution Retirement Plan ("Plan") effective January 1, 2002, which Plan has subsequently been amended and restated thereafter, and is currently in effect; and

WHEREAS, from time to time, it is necessary to further amend and restate the Plan due to changes in governing laws and regulations or for other good and sufficient cause; and

WHEREAS, Section 19.01 of the current governing Plan document provides that the Plan may be amended by written instrument executed by the Employer; and

WHEREAS, Section 8.1 of the current governing trust document for the Plan provides that the trust document may be amended with the written agreement of the Employer; and

WHEREAS, the custodian and current document provider for the Plan, Massachusetts Mutual Life Insurance Company ("MassMutual"), has obtained a favorable Internal Revenue Service advisory letter for MassMutual's new forms of governing plan and trust documents; and

WHEREAS, it has been proposed that the JEA Board of Directors, acting for and on behalf of the Employer, approve and adopt, effective January 1, 2016, the documents attached hereto entitled "Governmental Defined Contribution Volume Submitter Plan and Trust Basic Plan Document [DC-BPD #05]" and "Governmental Volume Submitter Plan Adoption Agreement" (collectively, the "Restated Plan Documents") to amend and restate the Plan's governing documents to conform to MassMutual's new forms of IRS-approved governing plan and trust documents and to comply with various updates in the law; and

WHEREAS, the JEA Board of Directors has reviewed the Restated Plan Documents and has been advised that all necessary prerequisites to adoption of the Restated Plan Documents have been completed.

NOW, THEREFORE, BE IT RESOLVED that the JEA Board of Directors hereby approves and adopts the documents attached hereto and entitled "Governmental Defined Contribution Volume Submitter Plan and Trust Basic Plan Document [DC-BPD #05]" and "Governmental Volume Submitter Plan Adoption Agreement", for and on behalf of JEA, as the amendment and restatement of the governing documents for the JEA 401(a) Defined Contribution Retirement Plan, effective January 1, 2016; and

BE IT FURTHER RESOLVED that the JEA Managing Director/CEO is hereby authorized to execute the document attached hereto and entitled "Governmental Volume Submitter Plan Adoption Agreement", for and on behalf of JEA; and

BE IT FURTHER RESOLVED that the JEA Managing Director/CEO, or his designee, is hereby authorized to take all actions and steps and to execute any and all other instruments, documents, and certificates necessary to effectuate this resolution.

IN WITNESS WHEREOF, the JEA Board of Directors has caused this Resolution to be duly executed by its duly authorized officer this 21st day of June, 2016.

JEA

By: _____
Thomas F. Petway, III, JEA Board Chair

ATTEST:

Delores Pass Kesler, JEA Board Secretary

Form Approved

Cindy Laquidara, Akerman, LLP

**GOVERNMENTAL DEFINED CONTRIBUTION VOLUME SUBMITTER
PLAN AND TRUST**

BASIC PLAN DOCUMENT

[DC-BPD #05]

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ACTUARIAL FACTORS**

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**SECTION 1
PLAN DEFINITIONS**

This Section contains definitions for common terms that are used throughout the Plan. All capitalized terms under the Plan are defined in this Section or in the relevant section of the Plan document where such term is used.

1.01 Account. The separate Account maintained for each Participant under the Plan. A Participant may have any (or all) of the following separate Accounts, to the extent authorized under the Plan:

- Employer Contribution Account
- Matching Contribution Account
- After-Tax Employee Contribution Account
- Employer Pick-Up Contribution Account
- Rollover Contribution Account
- Transfer Account

In addition, if this Plan qualifies as a Grandfathered 401(k) Arrangement (as defined in Section 1.54), a Participant also may have any (or all) of the following separate Accounts:

- Pre-Tax Salary Deferral Account
- Roth Deferral Account
- Roth Rollover Contribution Account

The Plan Administrator may establish other Accounts, as it deems necessary, for the proper administration of the Plan.

1.02 Account Balance. Account Balance shall mean a Participant's balances in all of the Accounts maintained by the Plan on his or her behalf.

1.03 Actuarial Factor. A Participant's Actuarial Factor is used for purposes of determining the Participant's allocation under the age-based formula under AA §6-3(f) of the Profit Sharing Plan Adoption Agreement or under the age-based contribution formula under AA §6-2(d) of the Money Purchase Plan Adoption Agreement. See Section 3.02(a)(1)(i)(E) or 3.02(b)(4).

1.04 Adoption Agreement ("Agreement"). The Adoption Agreement contains the elective provisions that an Employer may complete to supplement or modify the provisions under the Plan. Each adopting Employer must complete and execute the Adoption Agreement. If the Plan covers Employees of an Employer other than the Employer that executes the Employer Signature Page of the Adoption Agreement, such additional Employer(s) must execute a Participating Employer Adoption Page under the Adoption Agreement. (See Section 16 for rules applicable to adoption by Participating Employers.) An Employer may adopt more than one Adoption Agreement associated with this Plan document. Each executed Agreement is treated as a separate Plan. The Employer may adopt a Profit Sharing Plan Adoption Agreement or a Money Purchase Plan Adoption Agreement. The Employer also may elect under the Profit Sharing Plan Adoption Agreement to provide for a Grandfathered 401(k) Arrangement under the Plan. Any reference to the Profit Sharing Plan Adoption Agreement includes the Grandfathered 401(k) Plan Adoption Agreement, unless specifically provided otherwise.

1.05 After-Tax Employee Contributions. Employee Contributions that may be made to the Plan by a Participant that are included in the Participant's gross income in the year such amounts are contributed to the Plan and are maintained under a separate After-Tax Employee Contribution Account to which earnings and losses are allocated. See Section 3.04. For this purpose, Roth Deferrals are not considered as After-Tax Employee Contributions.

1.06 Alternate Payee. A person designated to receive all or a portion of the Participant's benefit pursuant to a QDRO. See Section 1.76.

1.07 Anniversary Years. An alternative period for measuring Eligibility Computation Periods (under Section 2.03(a)(3)) and Vesting Computation Periods (under Section 6.05). An Anniversary Year is any 12-month period which commences with the Employee's Employment Commencement Date or which commences with the anniversary of the Employee's Employment Commencement Date.

1.08 Annual Additions. The amounts taken into account under a Defined Contribution Plan for purposes of applying the limitation on allocations under Code §415. See Section 5.02(c)(1) for the definition of Annual Additions.

1.09 Annuity Starting Date. The date an Employee commences distribution from the Plan. If a Participant commences distribution with respect to a portion of his/her Account Balance, a separate Annuity Starting Date applies to any subsequent distribution. If

distribution is made in the form of an annuity, the Annuity Starting Date is the first day of the first period for which annuity payments are made.

- 1.10 Beneficiary.** A person designated by the Participant (or by the terms of the Plan) to receive a benefit under the Plan upon the death of the Participant. See Section 7.07(c) for the applicable rules for determining a Participant's Beneficiaries under the Plan.
- 1.11 Break in Service.** The Computation Period (as defined in Section 2.03(a)(3) for purposes of eligibility and Section 6.05 for purposes of vesting) during which an Employee does not complete more than five hundred (500) Hours of Service with the Employer. However, if the Employer elects under AA §4-3(a) or AA §8-5(a) to require less than 1,000 Hours of Service to earn a Year of Service for eligibility or vesting purposes, a Break in Service will occur for any Computation Period during which the Employee does not complete more than one-half (1/2) of the Hours of Service required to earn a Year of Service for eligibility or vesting purposes, as applicable. However, if the Elapsed Time method applies under AA §4-3(c) (for purposes of eligibility) or AA §8-5(c) (for purposes of vesting), an Employee will incur a Break in Service if the Employee incurs at least a one year Period of Severance (as defined under Section 1.69). (See Section 2.07 for a discussion of the eligibility Break in Service rules and Section 6.08 for a discussion of the vesting Break in Service rules.)
- 1.12 Cash-Out Distribution.** A total distribution made to a terminated Participant in accordance with Section 6.10(a).
- 1.13 Catch-Up Contributions.** Salary Deferrals that may be made under a Grandfathered 401(k) Arrangement that are in excess of an otherwise applicable Plan limit and that are made by a Participant who is aged 50 or over by the end of the taxable year. See Section 3.02(c)(2)(iv).
- 1.14 Catch-Up Contribution Limit.** The annual limit applicable to Catch-Up Contributions as set forth in Section 3.02(c)(2)(iv)(A).
- 1.15 Code.** The Internal Revenue Code of 1986, as amended.
- 1.16 Code §415 Limitation.** The limit on the amount of Annual Additions a Participant may receive under the Plan during a Limitation Year. See Section 5.02.
- 1.17 Collectively Bargained Employee.** An Employee who is included in a unit of Employees covered by a collective bargaining agreement between the Employer and Employee representatives and whose retirement benefits are subject to good faith bargaining. Such Employees may be excluded from the Plan if designated under AA §3-1(b). See Section 2.02(b)(1) for additional requirements related to the exclusion of Collectively Bargained Employees.
- 1.18 Compensation Limit.** The maximum amount of compensation that can be taken into account for any Plan Year for purposes of determining a Participant's Plan Compensation. For Plan Years beginning on or after January 1, 1994, and before January 1, 2002, the Compensation Limit taken into account for determining benefits provided under the Plan for any Plan Year is \$150,000, as adjusted for increases in cost-of-living in accordance with Code §401(a)(17)(B). For any Plan Years beginning on or after January 1, 2002, the Compensation Limit is \$200,000, as adjusted for cost-of-living increased in accordance with Code §401(a)(17)(B). In determining the Compensation Limit for any applicable period (the "determination period"), the cost-of-living adjustment in effect for a calendar year applies to any determination period that begins with or within such calendar year.

If a determination period consists of fewer than 12 months, the Compensation Limit for such period is an amount equal to the otherwise applicable Compensation Limit multiplied by a fraction, the numerator of which is the number of months in the short determination period, and the denominator of which is 12. A determination period will not be considered to be less than 12 months merely because compensation is taken into account only for the period the Employee is a Participant. If Salary Deferrals, Matching Contributions, or After-Tax Employee Contributions are separately determined on the basis of specified periods within the determination period (e.g., on the basis of payroll periods), no proration of the Compensation Limit is required with respect to such contributions.

If compensation for any prior determination period is taken into account in determining a Participant's allocations for the current Plan Year, the compensation for such prior determination period is subject to the applicable Compensation Limit in effect for that prior period. However, solely for purposes of determining a Participant's allocations for Plan Years beginning on or after January 1, 2002, the Compensation Limit in effect for determination periods beginning before that date is \$200,000.

In determining the amount of a Participant's Salary Deferrals under a Grandfathered 401(k) Arrangement, a Participant may defer with respect to Plan Compensation that exceeds the Compensation Limit, provided the total deferrals made by the Participant satisfy the Elective Deferral Dollar Limit and any other limitations under the Plan.

- 1.19 **Computation Period.** The 12-consecutive month period used for measuring whether an Employee completes a Year of Service for eligibility or vesting purposes.
- (a) **Eligibility Computation Period.** The 12-consecutive month period used for measuring Years of Service for eligibility purposes. See Section 2.03(a)(3).
- (b) **Vesting Computation Period.** The 12-consecutive month period used for measuring Years of Service for vesting purposes. See Section 6.05.
- 1.20 **Custodian.** An organization that has custody of all or any portion of the Plan assets. See Section 12.13.
- 1.21 **Defined Benefit Plan.** A plan under which a Participant's benefit is based solely on the Plan's benefit formula without the establishment of separate Accounts for Participants.
- 1.22 **Defined Contribution Plan.** A plan that provides for individual Accounts for each Participant to which all contributions, forfeitures, income, expenses, gains and losses under the Plan are credited or deducted. A Participant's benefit under a Defined Contribution Plan is based solely on the fair market value of his/her vested Account Balance.
- 1.23 **Designated Beneficiary.** A Beneficiary who is designated by the Participant (or by the terms of the Plan) and whose life expectancy is taken into account in determining minimum distributions under Code §401(a)(9) and Treas. Reg. §1.401(a)(9)-4. See Section 8.05(a).
- 1.24 **Differential Pay.** Certain payments made by the Employer to an individual while the individual is performing service in the Uniformed Services. See Section 1.89(e).
- 1.25 **Directed Account.** The Plan assets under a Trust which are held for the benefit of a specific Participant. See Section 10.03(d)(2).
- 1.26 **Directed Trustee.** A Trustee is a Directed Trustee to the extent that the Trustee's investment powers are subject to the direction of another person. See Section 12.02(a).
- 1.27 **Direct Rollover.** A rollover, at the Participant's direction, of all or a portion of the Participant's vested Account Balance directly to an Eligible Retirement Plan. See Section 7.04.
- 1.28 **Disabled.** Unless provided otherwise under AA §9-4(b), an individual is considered Disabled for purposes of applying the provisions of this Plan if the individual is unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment that can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months. The permanence and degree of such impairment shall be supported by medical evidence. The Plan Administrator may establish reasonable procedures for determining whether a Participant is Disabled.
- 1.29 **Discretionary Trustee.** A Trustee is a Discretionary Trustee to the extent the Trustee has exclusive authority and discretion to invest, manage or control the Plan assets without direction from any other person. See Section 12.02(b).
- 1.30 **Distribution Calendar Year.** A calendar year for which a minimum distribution is required. See Section 8.05(b).
- 1.31 **Early Retirement Age.** The age and/or Years of Service set forth in AA §7-2. Early Retirement Age may be used to determine distribution rights and/or vesting rights. If a Participant separates from service before satisfying the age requirement for early retirement, but has satisfied the service requirement, the Participant will be entitled to elect an early retirement benefit upon satisfaction of such age requirement. The Plan is not required to have an Early Retirement Age.
- 1.32 **Effective Date.** The date this Plan, including any restatement or amendment of this Plan, is effective. The Effective Date of the Plan is designated on the Employer Signature Page under the Adoption Agreement. See Section 14.01(d)(2) for special rules concerning the retroactive effective date of provisions under the Plan designed to comply with the requirements of the Pension Protection Act of 2006 (PPA).
- 1.33 **Elapsed Time.** A special method for crediting service for eligibility or vesting. See Section 2.03(a)(6) for more information on the Elapsed Time method of crediting service for eligibility purposes and Section 6.04(b) for more information on the Elapsed Time method of crediting service for vesting purposes. Also see Section 3.07 for the ability to use the Elapsed Time method for applying allocation conditions under the Plan.
- 1.34 **Elective Deferral Dollar Limit.** The maximum amount of Elective Deferrals a Participant may make for any calendar year. See Section 5.03.

- 1.35 **Elective Deferrals.** A Participant's Elective Deferrals is the sum of all Salary Deferrals (as defined in Section 1.83) and other contributions made pursuant to a Salary Deferral Election under a SARSEP described in Code §408(k)(6), a SIMPLE IRA plan described in Code §408(p), a plan described under Code §501(c)(18), and a custodial account or other arrangement described in Code §403(b). Elective Deferrals shall not include any amounts properly distributed as an Excess Amount under Code §415.
- 1.36 **Eligible Employee.** An Employee who is not excluded from participation under Section 2.02 of the Plan or AA §3-1.
- 1.37 **Eligible Retirement Plan.** A qualified retirement plan or IRA that may receive a rollover contribution. See Section 7.04(a)(2).
- 1.38 **Eligible Rollover Distribution.** An amount distributed from the Plan that is eligible for rollover to an Eligible Retirement Plan. See Section 7.04(a)(1).
- 1.39 **Employee.** An Employee is any individual employed by the Employer (including any Related Employers). An independent contractor is not an Employee. An Employee is not eligible to participate under the Plan if the individual is not an Eligible Employee under Section 2.02. A Leased Employee is also treated as an Employee of the recipient organization, as provided in Section 2.02(b)(3).
- 1.40 **Employer.** Except as otherwise provided, Employer means the Employer that adopts this Plan and any Related Employer. The Employer must be qualified to maintain a Governmental Plan under Code §414(d). (See Section 2.02(c) for rules regarding coverage of Employees of Related Employers. Also see Section 16 for rules that apply to Employers that execute a Participating Employer Adoption Page.)
- 1.41 **Employer Contributions.** Contributions the Employer makes pursuant to AA §6. See Section 3.02.
- 1.42 **Employer Pick-up Contributions.** Contributions made by the Employee and picked up by the Employer in accordance with Code §414(h)(2). See Section 3.03.
- 1.43 **Employment Commencement Date.** The date the Employee first performs an Hour of Service for the Employer.
- 1.44 **Entry Date.** The date on which an Employee becomes a Participant upon satisfying the Plan's minimum age and service conditions. See Section 2.03(b).
- 1.45 **Equivalency Method.** An alternative method for crediting Hours of Service for purposes of eligibility and vesting. See Section 2.03(a)(5) for eligibility provisions and Section 6.04(a)(2) for vesting provisions.
- 1.46 **ERISA.** The Employee Retirement Income Security Act of 1974, as amended.
- 1.47 **Excess Amount.** Amounts which exceed the Code §415 Limitation. See Section 5.02(c)(4).
- 1.48 **Excess Compensation.** The amount of Plan Compensation that exceeds the Integration Level for purposes of applying the permitted disparity allocation formula. See Section 3.02(a)(1)(i)(B) (Profit Sharing Plan) and Section 3.02(b)(2) (Money Purchase Plan).
- 1.49 **Excess Deferrals.** Elective Deferrals that exceed the Elective Deferral Dollar Limit (as defined in Section 5.03). (See Section 5.03(b) for rules regarding the correction of Excess Deferrals.)
- 1.50 **Favorable IRS Letter.** An advisory letter issued by the IRS to a Volume Submitter Sponsor as to the qualified status of a Volume Submitter Plan.
- 1.51 **FICA Replacement Plan.** This Plan may qualify as a FICA Replacement Plan under Code §3121(b)(7)(F) if the requirements under Section 4.03 are satisfied.
- 1.52 **General Trust Account.** The Plan assets under a Trust which are held for the benefit of all Plan Participants as a pooled investment. See Section 10.03(d)(1).
- 1.53 **Governmental Plan.** A plan established and maintained for its Employees by any State or political subdivision of a State, any State agency or instrumentality or an Indian Tribal Government (provided the requirements under Section 4.02 of the Plan are satisfied), as provided under Code §414(d).
- 1.54 **Grandfathered 401(k) Arrangement.** An arrangement under Code §401(k) maintained by a governmental employer that was in existence on May 6, 1986. If a governmental entity adopted a 401(k) plan before May 6, 1986, then all 401(k) plans adopted

by the governmental entity are treated as adopted before such date, including a 401(k) plan that is actually adopted after such date. A Grandfathered 401(k) Arrangement also may be adopted by an Indian Tribal Government, as defined in Section 1.57.

The Employer may elect to provide a Grandfathered 401(k) Arrangement under AA §2-3 of the Profit Sharing Plan Adoption Agreement. Any such election under AA §2-3 will be null and void if the Employer does not satisfy the requirements for maintaining a Grandfathered 401(k) Arrangement. If the Employer elects a Grandfathered 401(k) Arrangement under AA §2-3, the Employer may authorize Employees to make Salary Deferrals under the Plan in addition to Matching Contributions, Employer Contributions and After-Tax Employee Contributions, to the extent provided under AA §6 - §6B of the Adoption Agreement.

1.55 **Hardship.** A heavy and immediate financial need which meets the requirements of Section 7.10(e).

1.56 **Hour of Service.** Each Employee of the Employer will receive credit for each Hour of Service he/she works for purposes of applying the eligibility and vesting rules under the Plan. An Employee will not receive credit for the same Hour of Service under more than one category listed below.

(a) **Performance of duties.** Hours of Service include each hour for which an Employee is paid, or entitled to payment, for the performance of duties for the Employer. These hours will be credited to the Employee for the computation period in which the duties are performed. In the case of Hours of Service to be credited to an Employee in connection with a period of no more than 31 days which extends beyond one computation period, all such Hours of Service may be credited to the first computation period or the second computation period. Hours of Service under this subsection (a) must be credited consistently for all Employees within the same job classifications.

(b) **Nonperformance of duties.** Hours of Service include each hour for which an Employee is paid, or entitled to payment, by the Employer on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence. No more than 501 hours of service will be credited under this paragraph for any single continuous period (whether or not such period occurs in a single Computation Period). Hours under this paragraph will be calculated and credited pursuant to §2530.200b-2 of the Department of Labor Regulations which is incorporated herein by this reference.

(c) **Back pay award.** Hours of Service include each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Employer. The same Hours of Service will not be credited both under subsection (a) or subsection (b), as the case may be, and under this subsection (c). These hours will be credited to the Employee for the Computation Period(s) to which the award or agreement pertains rather than the Computation Period(s) in which the award, agreement or payment is made.

(d) **Related Employers/Leased Employees.** Hours of Service will be credited for employment with any Related Employer. Hours of Service also include hours credited as a Leased Employee or as an employee under Code §414(o).

(e) **Maternity/paternity leave.** Solely for purposes of determining whether a Break in Service has occurred in a Computation Period, an individual who is absent from work for maternity or paternity reasons will receive credit for the Hours of Service which would otherwise have been credited to such individual but for such absence, or in any case in which such hours cannot be determined, 8 Hours of Service per day of such absence. For purposes of this paragraph, an absence from work for maternity or paternity reasons means an absence:

- (1) by reason of the pregnancy of the individual,
- (2) by reason of a birth of a child of the individual,
- (3) by reason of the placement of a child with the individual in connection with the adoption of such child by such individual, or
- (4) for purposes of caring for such child for a period beginning immediately following such birth or placement.

The Hours of Service credited under this paragraph will be credited in the Computation Period in which the absence begins if the crediting is necessary to prevent a Break in Service in that period, or in all other cases, in the following Computation Period.

1.57 **Indian Tribal Government.** The governing body of any tribe, band, community, village, or group of Indians, or (if applicable) Alaska Natives, which is determined by the Secretary of Treasury, after consultation with the Secretary of Interior, to exercise governmental functions, as defined under Code §7701(a)(40) and regulations thereunder. See Section 4.02 of the Plan for special rules applicable to Indian Tribal Governments.

- 1.58 **Insurer.** An insurance company that issues a life insurance policy on behalf of a Participant under the Plan in accordance with the requirements under Section 10.08.
- 1.59 **Integration Level.** The amount used for purposes of applying the permitted disparity allocation formula. The Integration Level is the Taxable Wage Base, unless the Employer designates a different amount under the Adoption Agreement. See Section 3.02(a)(1)(i)(B) (Profit Sharing Plan) and Section 3.02(b)(2) (Money Purchase Plan).
- 1.60 **Leased Employee.** An individual who performs services for the Employer pursuant to an agreement between the Employer and a leasing organization, and who satisfies the definition of a Leased Employee under Code §414(n). See Section 2.02(b)(3) for rules regarding the treatment of a Leased Employee as an Employee of the Employer.
- 1.61 **Limitation Year.** The measuring period for determining whether the Plan satisfies the Code §415 Limitation under Section 5.02. See Section 5.02(c)(5).
- 1.62 **Matching Contributions.** Matching Contributions are contributions made by the Employer on behalf of a Participant on account of other contributions made by the Participant under this Plan or another plan maintained by the Employer. See Section 3.02(c)(3).
- 1.63 **Maximum Disparity Rate.** The maximum amount that may be allocated with respect to Excess Compensation under the permitted disparity allocation formula. See Section 3.02(a)(1)(i)(B) (Profit Sharing Plan) and Section 3.02(b)(2) (Money Purchase Plan).
- 1.64 **Normal Retirement Age.** The age selected under AA §7-1. For purposes of applying the Normal Retirement Age provisions under AA §7-1, an Employee's participation commencement date is the first day of the first Plan Year in which the Employee commenced participation in the Plan.
- 1.65 **Participant.** Except as provided under AA §3-1, a Participant is an Employee (or former Employee) who has satisfied the conditions for participating under the Plan, as described in Section 2.03 and AA §4-1. A Participant also includes any Employee (or former Employee) who has an Account Balance under the Plan, including an Account Balance derived from a rollover or transfer from another qualified plan or IRA. A Participant is entitled to share in an allocation of contributions or forfeitures under the Plan for a given year only if the Participant is an Eligible Employee as defined in Section 2.02, and satisfies the allocation conditions set forth in Section 3.07.
- An Employee is treated as a Participant with respect to Salary Deferrals and After-Tax Employee Contributions once the Employee has satisfied the eligibility conditions under AA §4-1 for making such contributions, even if the Employee chooses not to actually make such contributions to the Plan. An Employee is treated as a Participant with respect to Matching Contributions once the Employee has satisfied the eligibility conditions under AA §4-1 for receiving such contributions, even if the Employee does not receive a Matching Contribution because of the Employee's failure to make contributions eligible for the Matching Contribution.
- 1.66 **Participating Employer.** An Employer that adopts this Plan by executing the Participating Employer Adoption Page under the Adoption Agreement. See Section 16 for the rules applicable to contributions and deductions for contributions made by a Participating Employer.
- 1.67 **Participating Employer Adoption Page.** The signature page in the Adoption Agreement for a Related Employer to adopt the Plan as a Participating Employer.
- 1.68 **Part-Time Employee.** Unless designated otherwise under AA 3-1(k), a Part-Time Employee is an Employee who is normally scheduled to work 20 or fewer hours per week. Notwithstanding the foregoing, if the Employer is a post-secondary educational institution, an Employee who is a teacher shall not be considered a Part-Time Employee if he/ she normally has classroom hours of one-half or more of the number of classroom hours designated by the Employer as constituting full-time employment, provided that such designation is reasonable under all of the facts and circumstances.
- 1.69 **Period of Severance.** A continuous period of time during which the Employee is not employed by the Employer and which is used to determine an Employee's Participation under the Elapsed Time method. See Section 2.03(a)(6) for rules regarding eligibility and Section 6.04(b) for rules regarding vesting.
- 1.70 **Plan.** The Plan is the retirement plan established or continued by the Employer for the benefit of its Employees under this Plan document. The Plan consists of the basic plan document and the elections made under the Adoption Agreement. The basic plan document is the portion of the Plan that contains the non-elective provisions. The Employer may supplement or modify the basic plan document through its elections in the Adoption Agreement or by separate governing documents that are expressly

authorized by the Plan. If the Employer adopts more than one Adoption Agreement under this Plan, then each executed Adoption Agreement represents a separate Plan.

1.71 Plan Administrator. The Plan Administrator is the person designated to be responsible for the administration and operation of the Plan. Unless otherwise designated by the Employer, the Plan Administrator is the Employer. If another Employer has executed a Participating Employer Adoption Page, the Employer referred to in this Section is the Employer that executes the Employer Signature Page of the Adoption Agreement. A Plan Administrator also includes a Qualified Termination Administrator (QTA) that assumes the responsibilities of Plan Administrator.

1.72 Plan Compensation. Plan Compensation is Total Compensation, as modified under AA §5-3, which is actually paid to an Employee during the determination period (as defined in subsection (a) below). In determining Plan Compensation, the Employer may elect under AA §5-3(b) to exclude all Elective Deferrals (as defined in Section 1.35), pre-tax contributions to a cafeteria plan or a Code §457 plan, and qualified transportation fringes under Code §132(f)(4). In addition, the Employer may elect under AA §5-3 to exclude other designated elements of compensation.

Plan Compensation generally includes amounts an Employee earns with a Participating Employer and amounts earned with a Related Employer (even if the Related Employer has not executed a Participating Employer Adoption Page under the Adoption Agreement). However, the Employer may elect under AA §5-3(h) to exclude all amounts earned with a Related Employer that has not executed a Participating Employer Adoption Page.

In no case may Plan Compensation for any Participant exceed the Compensation Limit (as defined in Section 1.18).

(a) **Determination period.** Unless designated otherwise under AA §5-4(a), Plan Compensation is determined based on the Plan Year. Alternatively, the Employer may elect under AA §5-4(a) to determine Plan Compensation on the basis of the calendar year ending in the Plan Year or any other 12-month period ending in the Plan Year. If the determination period is the calendar year or other 12-month period ending in the Plan Year, for any Employee whose date of hire is less than 12 months before the end of the designated 12-month period, Plan Compensation will be determined over the Plan Year.

(b) **Partial period of participation.** If an Employee is a Participant for only part of a Plan Year, Plan Compensation may be determined over the entire Plan Year or over the period during which such Employee is a Participant. In determining whether an Employee is a Participant for purposes of applying this subsection (b), the Employee's status will be determined solely with respect to the contribution type for which the definition of Plan Compensation is being determined. Plan Compensation does not include any amounts earned for any period while an individual is not an Eligible Employee (as defined in Section 2.02).

1.73 Plan Year. The 12-consecutive month period designated under AA §2-4 on which the records of the Plan are maintained. The Plan Year can be a 52-53 week period by designating the appropriate ending date in AA §2-4(b). If the Plan Year is amended to create a Short Plan Year or if a new Plan has an initial Short Plan Year, the Employer may document such Short Plan Year under AA §2-4(c).

1.74 Predecessor Employer. An employer that previously employed the Employees of the Employer. See Sections 2.06 (eligibility), 3.07(b) (allocation conditions) and 6.07 (vesting) for the rules regarding the crediting of service with a Predecessor Employer.

1.75 Pre-Tax Deferrals. Pre-tax Deferrals are a Participant's Salary Deferrals that are not includible in the Participant's gross income at the time deferred.

1.76 Qualified Domestic Relations Order (ODRO). A domestic relations order that provides for the payment of all or a portion of the Participant's benefits to an Alternate Payee and satisfies the requirements under Code §414(p). See Section 11.05.

1.77 Reemployment Commencement Date. The first date upon which an Employee is credited with an Hour of Service following a Break in Service (or Period of Severance, if the Plan is using the Elapsed Time method of crediting service).

1.78 Related Employer. A Related Employer includes all members of a controlled group of corporations (as defined in Code §414(b)), all commonly controlled trades or businesses (as defined in Code §414(c)) or affiliated service groups (as defined in Code §414(m)) of which the Employer is a part, and any other entity required to be aggregated with the Employer pursuant to regulations under Code §414(o). For purposes of applying the provisions under this Plan, the Employer and any Related Employers are treated as a single Employer, unless specifically stated otherwise. See Section 16.06 for operating rules that apply when the Employer is a member of a Related Employer group. Also see Section 16 for rules regarding participation of Employees of Related Employers.

1.79 Required Beginning Date. The date by which minimum distributions must commence under the Plan. See Section 8.05(e).

- 1.80** **Rollover Contribution.** A contribution made by an Employee to the Plan attributable to an Eligible Rollover Distribution (as defined in Section 7.04(a)(1) from another qualified plan or IRA. See Section 3.05 for rules regarding the acceptance of Rollover Contributions under this Plan.
- 1.81** **Roth Deferrals.** Roth Deferrals are Salary Deferrals that are includible in the Participant's gross income at the time deferred and have been irrevocably designated as Roth Deferrals in the Participant's Salary Deferral Election. A Participant's Roth Deferrals will be maintained in a separate Account containing only the Participant's Roth Deferrals and gains and losses attributable to those Roth Deferrals. See Section 3.02(c)(2)(v).
- 1.82** **Salary Deferral Election.** An agreement between a Participant and the Employer, whereby the Participant elects to have a specific percentage or dollar amount withheld from his/her Plan Compensation and the Employer agrees to contribute such amount into the Plan. A Salary Deferral Election may only be made if the Plan qualifies as a Grandfathered 401(k) Arrangement as designated under AA §2-3 of the Profit Sharing Plan Adoption Agreement. See Section 3.02(c)(2)(i).
- 1.83** **Salary Deferrals.** Amounts contributed under a Grandfathered 401(k) Arrangement at the election of the Participant, in lieu of cash compensation, which are made pursuant to a Salary Deferral Election or other deferral mechanism. Salary Deferrals include Roth Deferrals and Pre-Tax Deferrals. Salary Deferrals shall not include any amounts properly distributed as an Excess Amount under Code §415 pursuant to Section 5.02(c)(4). An Employee's Salary Deferrals are treated as employer contributions for all purposes under this Plan, except as otherwise provided under the Code or Treasury regulations. See Section 3.02(c)(2).
- 1.84** **Seasonal Employee.** An Employee who normally works on a full-time basis less than five months during any year.
- 1.85** **Short Plan Year.** Any Plan Year that is less than 12 months long, either because of the amendment of the Plan Year, or because the Effective Date of a new Plan is less than 12 months prior to the end of the first Plan Year.
- 1.86** **Spouse.** Subject to any additional guidance by the IRS or other agency or court, a Spouse is any individual who is lawfully married to the Participant under a state or foreign jurisdiction, without regard to the location of the Employer or the state where the Participant and Spouse are domiciled. However, a former Spouse of the Participant will be treated as the Spouse or surviving Spouse and any current Spouse will not be treated as the Spouse or surviving Spouse to the extent provided under a valid QDRO.
- 1.87** **Taxable Wage Base.** The maximum amount of wages taken into account for Social Security purposes. The Taxable Wage Base is used to determine the Integration Level for purposes of applying the permitted disparity allocation formula. See Section 3.02(a)(1)(i)(B) (Profit Sharing Plan) and Section 3.02(b)(2) (Money Purchase Plan).
- 1.88** **Temporary Employee.** Any Employee performing services under a contractual arrangement with the Employer of two years or less duration. Possible contract extensions may be considered in determining the duration of a contractual arrangement, but only if, under the facts and circumstances, there is a significant likelihood that the Employee's contract will be extended. Future contract extensions are considered significantly likely to occur for purposes of this rule if:
- (a) on average 80 percent of similarly situated Employees have had bona fide offers to renew their contracts in the immediately preceding two academic or calendar years; or
 - (b) the Employee with respect to whom the determination is being made has a history of contract extensions with respect to his or her current position.
- An Employee is not considered a Temporary Employee solely because he or she is included in a unit of Employees covered by a collective bargaining agreement of two years or less duration.
- 1.89** **Total Compensation.** A Participant's compensation for services with the Employer, as defined in this Section 1.89. Total Compensation may be defined in AA §5-1 to be either W-2 Wages, Wages under Code §3401(a), or Code §415 Compensation. Each definition of Total Compensation includes Elective Deferrals (as defined in Section 1.35), elective contributions to a cafeteria plan under Code §125 or to an eligible deferred compensation plan under Code §457, Employer Pick-Up Contributions under Code §414(h)(2), and elective contributions that are not includible in the Employee's gross income as a qualified transportation fringe under Code §132(f)(4).
- (a) **Total Compensation definitions.** The Employer may elect under AA §5-1 to define Total Compensation as any of the following definitions:
 - (1) **W-2 Wages.** Wages within the meaning of Code §3401(a) and all other payments of compensation to an Employee by the Employer (in the course of the Employer's trade or business) for which the Employer is

required to furnish the Employee a written statement under Code §6041(d), 6051(a)(3), and 6052, determined without regard to any rules under Code §3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed.

- (2) **Wages under Code §3401(a).** Wages within the meaning of Code §3401(a) for the purposes of income tax withholding at the source but determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed.
- (3) **Code §415 Compensation.** Wages, salaries, fees for professional services and other amounts received for personal services actually rendered in the course of employment with the Employer (without regard to whether or not such amounts are paid in cash) to the extent that the amounts are includible in gross income, including amounts that are includible in the gross income of an Employee under the rules of Code §409A or §457(f)(1)(A) or because the amounts are constructively received by the Employee. Such amounts include, but are not limited to, commissions, compensation for services on the basis of a percentage of profits, tips, bonuses, fringe benefits, and reimbursements or other expense allowances under a nonaccountable plan (as described in Treas. Reg. §1.62-2(c)), and excluding the following:
 - (i) Employer contributions (other than elective contributions described in Code §402(e)(3), §408(k)(6), §408(p)(2)(A)(i), or §457(b)) to a plan of deferred compensation (including a SEP described in Code §408(k) or a SIMPLE IRA described in Code §408(p), and whether or not qualified) to the extent such contributions are not includible in the Employee's gross income for the taxable year in which contributed, and any distributions (whether or not includible in gross income when distributed) from a plan of deferred compensation (whether or not qualified);
 - (ii) Amounts realized from the exercise of a non-qualified stock option, or when restricted stock (or property) held by the Employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture.
 - (iii) Amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option.
 - (iv) Other amounts which received special tax benefits, or contributions made by the Employer (other than Elective Deferrals) towards the purchase of an annuity contract described in Code §403(b) (whether or not the contributions are actually excludable from the gross income of the Employee).
- (b) **Post-severance compensation.** Effective for the first Limitation Year beginning on or after July 1, 2007, Total Compensation includes compensation that is paid after an Employee severs employment with the Employer, provided the compensation is paid by the later of 2½ months after severance from employment with the Employer maintaining the Plan or the end of the Limitation Year that includes such date of severance from employment. For this purpose, compensation paid after severance of employment may only be included in Total Compensation to the extent such amounts would have been included as compensation if they were paid prior to the Employee's severance from employment.

For purposes of applying this subsection (b), unless designated otherwise under AA §5-2(a), the following amounts that are paid after a Participant's severance of employment are included in Total Compensation:

- (1) **Regular pay.** Compensation for services during the Employee's regular working hours, or compensation for services outside the Employee's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments;
- (2) **Unused leave payments.** Payment for unused accrued bona fide sick, vacation, or other leave, but only if the Employee would have been able to use the leave if employment had continued; and
- (3) **Deferred compensation.** Payments received by an Employee pursuant to a nonqualified unfunded deferred compensation plan, but only if the payment would have been paid to the Employee at the same time if the Employee had continued in employment and only to the extent that the payment is includible in the Employee's gross income.

Other post-severance payments (such as severance pay, parachute payments within the meaning of Code §280G(b)(2), or post-severance payments under a nonqualified unfunded deferred compensation plan that would not have been paid if the Employee had continued in employment) are not included as Total Compensation, even if such amounts are paid within the time period described in this subsection (b).

In determining the amount of a Participant's Employer Contributions, Matching Contributions or Salary Deferrals, Plan Compensation may not include any amounts that do not satisfy the requirements of this subsection (b) or subsection (c). If Total Compensation is defined to include post-severance compensation, the Employer may elect to exclude all such compensation paid after termination of employment from the definition of Plan Compensation under AA §5-3(j) or may elect to exclude any of the specific types of post-severance compensation defined in subsections (1), (2) and/or (3) above, by designating such compensation types under AA §5-3(l). The exclusion of post-severance compensation from the definition of Plan Compensation that is otherwise includible in Total Compensation may cause the Plan to fail the nondiscriminatory compensation rules under Treas. Reg. §1.414(s)-1.

- (c) **Continuation payments for disabled Participants.** Unless designated otherwise under AA §5-2(b), Total Compensation does not include compensation paid to a Participant who is permanently and totally disabled (as defined in Code §22(e)(3)). If elected under AA §5-2(b), the Plan may take into account compensation the Participant would have received for the year if the Participant was paid at the rate of compensation paid immediately before becoming permanently and totally disabled (if such compensation is greater than the Participant's compensation determined without regard to this subsection (c)), provided contributions made with respect to amounts treated as compensation under this subsection (c) are nonforfeitable when made. If so elected under AA §5-2(b), payment to disabled Participants will be included as Total Compensation, notwithstanding the rules under subsection (b).
- (d) **Deemed §125 compensation.** A reference to elective contributions under a Code §125 cafeteria plan includes any amounts that are not available to a participant in cash in lieu of group health coverage because the Participant is unable to certify that he or she has other health coverage. Such deemed §125 compensation will be treated as an amount under Code §125 only if the Employer does not request or collect information regarding the Participant's other health coverage as part of the enrollment process for the health plan. If the Employer elects under AA §5-3(i) to exclude deemed §125 compensation from the definition of Plan Compensation, such exclusion also will apply for purposes of determining Total Compensation under this Section 1.89.
- (e) **Differential Pay.** Effective for years beginning on or after January 1, 2009, in the case of an individual who receives Differential Pay from the Employer:
- (1) such individual will be treated as an Employee of the Employer making the payment, and
 - (2) the Differential Pay shall be treated as wages and will be included in calculating an Employee's Total Compensation under the Plan.

If all Employees performing service in the Uniformed Services are entitled to receive Differential Pay on reasonably equivalent terms and are eligible to make contributions based on the payments on reasonably equivalent terms, the Plan shall not be treated as failing to meet the requirements of any provision described in Code §414(u)(1)(C) by reason of any contribution or benefit based on Differential Pay. However, for purposes of applying this subparagraph, the provisions of Code §§410(b)(3), (4), and (5) shall apply. The Employer may elect to exclude Differential Pay from the definition of Plan Compensation under AA §5-3(k).

For purposes of this subsection (e), Differential Pay means any payment which is made by an Employer to an individual while the individual is performing service in the Uniformed Services while on active duty for a period of more than 30 days, and represents all or a portion of the wages the individual would have received from the Employer if the individual were performing services for the Employer. In applying the provisions of this subsection (e), Uniformed Services are services as described in Code §3401(h)(2)(A).

- 1.90 **Trust.** The Trust is the separate funding vehicle under the Plan.
- 1.91 **Trustee.** The Trustee is the person or persons (or any successor to such person or persons) identified in the Adoption Agreement or under a separate Trust document. The Trustee may be a Discretionary Trustee or a Directed Trustee. See Section 12 for the rights and duties of a Trustee under this Plan.
- 1.92 **Valuation Date.** The date or dates upon which Plan assets are valued. Plan assets will be valued as of the last day of each Plan Year. In addition, the Employer may elect under AA §11-1 to establish additional Valuation Dates. Notwithstanding any election under AA §11-1, Plan assets may be valued on a more frequent basis within the complete discretion of the Employer. See Section 10.02.
- 1.93 **Year of Service.** A Year of Service is a 12-consecutive month Computation Period during which an Employee completes 1,000 Hours of Service. For purposes of applying the eligibility rules under Section 2.03 of the Plan, an Employee will earn a Year of Service if he/she completes 1,000 Hours of Service with the Employer during an Eligibility Computation Period (as defined in Section 2.03(a)(3)). For purposes of applying the vesting rules under Section 6, an Employee will earn a Year of Service if he/she completes 1,000 Hours of Service with the Employer during a Vesting Computation Period (as defined in

Section 6.05). The Employer may elect under AA §4-3(a) (for eligibility purposes) and AA §8-5(a) (for vesting purposes) to require the completion of any lesser number of Hours of Service to earn a Year of Service. Alternatively, the Employer may elect to apply the Elapsed Time method (for eligibility and/or vesting purposes) in calculating an Employee's Years of Service under the Plan.

SECTION 2
ELIGIBILITY AND PARTICIPATION

- 2.01** **Eligibility.** In order to participate in the Plan, an Employee must be an Eligible Employee (as defined in Section 2.02) and must satisfy the Plan's minimum age and service conditions (as defined in Section 2.03). Once an Employee satisfies the Plan's minimum age and service conditions, such Employee shall become a Participant on the appropriate Entry Date (as selected in AA §4-2). An Employee who meets the minimum age and service requirements set forth herein, but who is not an Eligible Employee, will be eligible to participate in the Plan only upon becoming an Eligible Employee. For purposes of determining eligibility to make Salary Deferrals, an Employee will be deemed to commence participation on a timely basis if the Employee is permitted to commence making Salary Deferrals as soon as administratively feasible after satisfying the eligibility conditions under the Plan.
- 2.02** **Eligible Employees.** Unless specifically excluded under AA §3-1 or under this Section 2.02, all Employees of the Employer are Eligible Employees. AA §3-1 lists various classes of Employees that may be excluded from Plan participation. If an Employee is not an Eligible Employee (e.g., such Employee is a member of a class of Employees excluded under AA §3-1), that individual may not participate under the Plan, unless he/she subsequently becomes an Eligible Employee.
- (a) **Only Employees may participate in the Plan.** To participate in the Plan, an individual must be an Employee. If an individual is not an Employee (e.g., the individual performs services with the Employer as an independent contractor) such individual may not participate under the Plan. If an individual who is classified as a non-Employee is later determined by the Employer or by a court or other government agency to be an Employee of the Employer, the reclassification of such individual as an Employee will not create retroactive rights to participate in the Plan. Thus, for example, if the IRS or DOL should find that an independent contractor is really an Employee, such individual will be eligible to participate in the Plan as of the date the IRS or DOL issues a final determination declaring such individual to be an Employee (provided the individual has satisfied all conditions for participating in the Plan (as described in this Section 2)). For periods prior to the date of such final determination, the reclassified Employee will not have any rights to accrued benefits under the Plan, except as agreed to by the Employer or mandated by a court or government agency, or as set forth in an amendment adopted by the Employer.
- (b) **Excluded Employees.** The Employer may elect under AA §3-1 to exclude designated classes of Employees. Since a governmental plan is exempt from minimum coverage testing, the Employer may elect to exclude any class of Employees without subjecting the Plan to minimum coverage or nondiscrimination testing.
- (1) **Collectively Bargained Employees.** The Employer may elect under AA §3-1(b) to exclude Collectively Bargained Employees. For this purpose, a Collectively Bargained Employee is an Employee who is included in a unit of Employees covered by a collective bargaining agreement between the Employer and Employee representatives and whose retirement benefits are subject to good faith bargaining.
- (2) **Nonresident aliens.** The Employer may elect under AA §3-1(c) to exclude Employees who are nonresident aliens. For this purpose, a nonresident alien is neither a citizen of the United States nor a resident of the United States for U.S. tax purposes (as defined in Code §7701(b)), and who does not have any earned income (as defined in Code §911) for the Employer that constitutes U.S. source income (within the meaning of Code §861). If a nonresident alien Employee has U.S. source income, he/she is treated as satisfying this definition if all of his/her U.S. source income from the Employer is exempt from U.S. income tax under an applicable income tax treaty.
- (3) **Leased Employees.** The Employer may elect under AA §3-1(d) to exclude Leased Employees. For this purpose, a Leased Employee is any person (other than an Employee of the Employer) who pursuant to an agreement between the recipient Employer and a leasing organization performs services for the recipient Employer on a substantially full time basis for a period of at least one year, and such services are performed under the primary direction or control of the recipient Employer. (See Code §414(n) for rules applicable to the determination of Leased Employees.)
- (c) **Employees of Related Employers.** If the Employer is a member of a Related Employer group, Employees of each member of the Related Employer group may participate under this Plan, provided the Related Employer executes a Participating Employer Adoption Page under the Adoption Agreement. If a Related Employer does not execute a Participating Employer Adoption Page, any Employees of such Related Employer are not eligible to participate in the Plan. See Section 16.06 for operating rules that apply when the Employer is a member of a Related Employer group. Also see Section 16 for rules regarding participation of Employees of Related Employers.
- (d) **Ineligible Employee becomes Eligible Employee.** If an Employee changes status from an ineligible Employee to an Eligible Employee, such Employee will become a Participant immediately on the date he/she changes status to an Eligible Employee, provided the Employee has satisfied the Plan's minimum age and service conditions and has passed

the Entry Date (as defined in AA §4-2) that would otherwise have applied had the Employee been an Eligible Employee. If the Employee's original Entry Date (determined as if the Employee was always an Eligible Employee) has not passed as of the date the Employee becomes an Eligible Employee, the Employee will not become a Participant until such Entry Date. This requirement is deemed satisfied with respect to Salary Deferrals if the Employee is permitted to commence making Salary Deferrals under the Plan as soon as administratively feasible after the Employee becomes an Eligible Employee. If an ineligible Employee has not satisfied the Plan's minimum age and service conditions at the time such Employee becomes an Eligible Employee, such Employee will become a Participant on the appropriate Entry Date following satisfaction of the Plan's minimum age and service requirements.

- (e) **Eligible Employee becomes ineligible Employee.** If an Employee ceases to qualify as an Eligible Employee (i.e., the Employee changes status from an eligible class to an ineligible class of Employees), such Employee will immediately cease to participate in the Plan. If such Employee should subsequently become an Eligible Employee, he/she will be able to participate in the Plan in accordance with subsection (d) above.
- (f) **Improper exclusion of eligible Participant.** If the Plan improperly excludes a Participant who has satisfied the requirements under this Section 2 for participating under the Plan, the Employer may take reasonable action to correct such violation, provided such corrective action is consistent with the requirements of the Employee Plans Compliance Resolution System (EPCRS) program. For example, the violation may be corrected by making an additional contribution to the Plan on behalf of the omitted Participant or by allocating any available forfeitures under the Plan to such Participant to restore any missed contributions under the Plan. (See Rev. Proc. 2013-12 or subsequent IRS guidance for a description of the EPCRS program.)

2.03 **Minimum Age and Service Conditions.** AA §4-1 contains specific elections as to the minimum age and service conditions which an Employee must satisfy prior to becoming eligible to participate under the Plan. A Governmental Plan is exempt from both the ERISA and pre-ERISA eligibility requirements. Therefore, the plan may provide any minimum age and service requirements under AA §4-1 without the need to comply with the requirements of Code §410(a).

The Employer may elect to apply different minimum age and service requirements for different groups of Employees or for different contribution formulas under AA §4-1(c). In addition, the Employer may select different age and service conditions under AA §4-1 for Salary Deferrals, Matching Contributions, and/or Employer Contributions if the Plan qualifies as a Grandfathered 401(k) Arrangement.

- (a) **Application of age and service conditions.** The Employer may elect under AA §4-1 to impose minimum age and service conditions that an Employee must satisfy in order to participate under the Plan.
 - (1) **Year of Service.** In applying the minimum service requirements under AA §4-1, unless designated otherwise under AA §4-3, an Employee will earn a Year of Service if the Employee completes at least 1,000 Hours of Service with the Employer during an Eligibility Computation Period (as defined in subsection (3) below). The Employer may modify the definition of Year of Service under AA §4-3(a) to require a different number of Hours of Service to earn a Year of Service. An Employee will receive credit for a Year of Service, as of the end of the Eligibility Computation Period during which the Employee completes the required Hours of Service needed to earn a Year of Service. Unless otherwise provided under AA §4-3, an Employee need not be employed for the entire Eligibility Computation Period to receive credit for a Year of Service, provided the Employee completes the required Hours of Service during such period.
 - (2) **Months of service.** The Employer may elect under AA §4-1(a) to require a specific number of Hours of Service during a designated number of months of employment. If an Employee is required under AA §4-1(a) to complete a certain number of Hours of Service during a designated period, an Employee generally will satisfy the eligibility conditions as of the end of the designated period, regardless of whether the Employee is employed during the entire period. Alternatively, the Employer may elect under AA §4-1(a)(3)(ii) to require an Employee to be employed continuously throughout the designated period provided the Employee is eligible to participate in the Plan upon completing a Year of Service as defined in subsection (1) above.

If an Employee does not complete the required Hours of Service during the designated period or does not work continuously during the designated period, if required under AA §4-1(a)(3)(ii), the Employee will satisfy eligibility upon completion of a Year of Service as defined in subsection (1) above. For purposes of applying the Year of Service requirement, an Employee need not be employed during the entire measuring period as long as the Employee completes the required Hours of Service, as specified under subsection (1) above. For example, an Employee who is not employed throughout the designated period, if required under AA §4-1(a)(5)(ii), would still satisfy the eligibility conditions as of the end of the Eligibility Computation Period if the Employee completes a Year of Service, regardless of whether the Employee is employed during the entire period.

- (3) **Eligibility Computation Periods.** Unless provided otherwise under AA §4-3, in determining whether an Employee has earned a Year of Service for eligibility purposes, an Employee's initial Eligibility Computation Period is the 12-month period beginning on the Employee's Employment Commencement Date. Subsequent Eligibility Computation Periods will either be based on Plan Years or Anniversary Years (as set forth in AA §4-3).
- (i) **Plan Years.** If the Employer elects under AA §4-3 to base subsequent Eligibility Computation Periods on Plan Years, the Plan will begin measuring Years of Service on the basis of Plan Years beginning with the first Plan Year commencing after the Employee's Employment Commencement Date. Thus, for the first Plan Year following the Employee's Employment Commencement Date, the initial Eligibility Computation Period and the first Plan Year Eligibility Computation Period may overlap.
- (ii) **Anniversary Years.** If the Employer elects under AA §4-3(b) to base subsequent Eligibility Computation Periods on Anniversary Years, the Plan will measure Years of Service after the initial Eligibility Computation Period on the basis of 12-month periods commencing with the anniversaries of the Employee's Employment Commencement Date.
- (iii) **Rehired Employee.** If an Employee is rehired following a Break in Service, the Employee's initial Eligibility Computation Period following the Employee's return to employment will be measured from the Employee's Reemployment Commencement Date. Subsequent Eligibility Computation Periods will be measured based on the Plan Year or anniversaries of the Reemployment Commencement Date, as designated under subsection (i) or (ii) above. For this purpose, an Employee's Reemployment Commencement Date is the first day the Employee is entitled to be credited with an Hour of Service after the first Eligibility Computation Period in which the Employee incurs a Break in Service.
- (4) **Hours of Service.** In calculating an Employee's Hours of Service for purposes of applying the eligibility rules under this Section 2.03, the Employer will count the actual Hours of Service an Employee works during the year. (See Section 1.56 for the definition of Hours of Service). The Employer may elect under AA §4-3 to use an alternative method for crediting service, such as the Equivalency Method or Elapsed Time method (instead of counting the actual Hours of Service an Employee works). (See subsections (5) and (6) below for a description of the Equivalency Method and Elapsed Time method of crediting service.)
- (5) **Equivalency Method.** Instead of counting actual Hours of Service in applying the minimum service conditions under this Section 2.03, the Employer may elect under AA §4-3(d) to determine Hours of Service based on the Equivalency Method. Under the Equivalency Method, an Employee receives credit for a specified number of Hours of Service based on the period worked with the Employer.
- (i) **Monthly.** Under the monthly Equivalency Method, an Employee is credited with 190 Hours of Service for each calendar month during which the Employee completes at least one Hour of Service with the Employer.
- (ii) **Daily.** Under the daily Equivalency Method, an Employee is credited with 10 Hours of Service for each day during which the Employee completes at least one Hour of Service with the Employer.
- (iii) **Weekly.** Under the weekly Equivalency Method, an Employee is credited with 45 Hours of Service for each week during which the Employee completes at least one Hour of Service with the Employer.
- (iv) **Semi-monthly.** Under the semi-monthly Equivalency Method, an Employee is credited with 95 Hours of Service for each semi-monthly period during which the Employee completes at least one Hour of Service with the Employer.
- (6) **Elapsed Time method.** Instead of counting actual Hours of Service in applying the minimum service requirements under this Section 2.03, the Employer may elect under AA §4-3(c) to apply the Elapsed Time method for calculating an Employee's service with the Employer. Under the Elapsed Time method, an Employee receives credit for the aggregate period of time worked for the Employer commencing with the Employee's first day of employment (or reemployment, if applicable) and ending on the date the Employee terminates employment with the Employer. If an Employee's aggregate period of service includes fractional years, such fractional years are expressed in terms of days.

In calculating an Employee's aggregate period of service, the Employer may credit an Employee with service for any Period of Severance that lasts less than 12 consecutive months. For this purpose, a Period of Severance is any continuous period of time during which the Employee is not employed by the Employer. A Period of Severance begins on the date the Employee retires, quits or is discharged, or if earlier, the 12-month anniversary

of the date on which the Employee is first absent from service for a reason other than retirement, quit or discharge. In the case of an Employee who is absent from work for maternity or paternity reasons, the 12-consecutive month period beginning on the first anniversary of the first date of such absence shall not constitute a Period of Severance. For purposes of this paragraph, an absence from work for maternity or paternity reasons means an absence

- (i) by reason of the pregnancy of the Employee,
- (ii) by reason of the birth of a child of the Employee,
- (iii) by reason of the placement of a child with the Employee in connection with the adoption of such child by the Employee, or
- (iv) for purposes of caring for a child of the Employee for a period beginning immediately following the birth or placement of such child.

(7) **Amendment of age and service requirements.** If the Plan's minimum age and service conditions are amended, the amendment may consider an Employee who is a Participant immediately prior to the effective date of the amendment as satisfying the amended requirements or may require all Employees to satisfy the amended minimum age and service conditions. If an Employee has not satisfied the minimum age and service conditions as of the effective date of the amendment, the Employee must satisfy the eligibility requirements as amended. This provision may be modified under the special Effective Date provisions under Appendix A of the Adoption Agreement or under a separate amendment implementing the updated minimum age and service provisions.

(b) **Entry Dates.** Once an Eligible Employee satisfies the minimum age and service conditions (as set forth in AA §4-1), the Employee will be eligible to participate under the Plan as of his/her Entry Date (as set forth in AA §4-2). If the Employer adopts a Grandfathered 401(k) Arrangement as designated under AA §2-3 of the Profit Sharing Plan Adoption Agreement, the Employer may elect different Entry Dates with respect to Salary Deferrals, Matching Contributions, and Employer Contributions.

2.04 Participation on Effective Date of Plan. Unless designated otherwise under AA §4-4, an Eligible Employee who has satisfied the minimum age and service conditions and reached his/her Entry Date as of the Effective Date of the Plan will be eligible to participate in the Plan as of such Effective Date. If an Employee has satisfied the minimum age and service conditions as of the Effective Date of the Plan but has not yet reached his/her Entry Date, the Employee will be eligible to participate on the appropriate Entry Date. The Employer may modify this rule under AA §4-4 by electing to treat all Employees employed on the Effective Date of the Plan as Participants (regardless of whether they have satisfied the Plan's minimum age and service conditions) or by designating a specific date as of which all Eligible Employees will be deemed to be a Participant, (regardless of whether the Employee has otherwise satisfied the minimum age and service conditions).

2.05 Rehired Employees. If a terminated Employee is subsequently rehired, such Employee will be eligible to participate in the Plan on his/her reemployment date, if the Employee is an Eligible Employee and the Employee had satisfied the Plan's minimum age and service conditions prior to his/her termination of employment. If a rehired Employee had not satisfied the Plan's minimum age and service conditions prior to termination of employment, such Employee is eligible to participate in the Plan on the appropriate Entry Date following satisfaction of the eligibility requirements under this Section 2.

2.06 Service with Predecessor Employers. To the extent provided under AA §4-5, if the Employer maintains the plan of a Predecessor Employer, any service with such Predecessor Employer is treated as service with the Employer for purposes of applying the provisions of this Plan.

2.07 Break in Service Rules. Generally, an Employee will be credited with all service earned for the Employer, including service earned prior to the effective date of the Plan and service earned while the Employee is an ineligible Employee. However, the Employer may elect under AA §4-6 to disregard an Employee's service with the Employer under the Break in Service rules. For this purpose, an Employee incurs a Break in Service for any Eligibility Computation Period (as defined in Section 2.03(a)(3)) during which the Employee does not complete more than five hundred (500) Hours of Service with the Employer. However, if the Employer elects to require less than 1,000 Hours of Service to earn a Year of Service for eligibility purposes, a Break in Service will occur for any Eligibility Computation Period during which the Employee does not complete more than one-half (1/2) of the Hours of Service required to earn an eligibility Year of Service.

2.08 Waiver of Participation. An Employee may not waive participation under the Plan unless specifically permitted under AA §11-4. For this purpose, the mere failure to make Salary Deferrals or After-Tax Employee Contributions is not a waiver of participation. The Employer may elect under AA §11-4 to permit Employees to make a one-time irrevocable election to not participate under the Plan or may permit Employees to make a one-time irrevocable election to waive any Employer Pick-Up Contributions under the Plan.

SECTION 3
PLAN CONTRIBUTIONS

This Section 3 describes the type of contributions that may be made to the Plan. The type of contributions that may be made to the Plan and the method for allocating such contributions may vary depending on the type of Plan involved. (See Section 5 for a discussion of the limits that apply to any contributions made under the Plan.)

3.01 Types of Contributions. An Employer may designate under the Adoption Agreement the amount and type of contributions that may be made under the Plan. The Plan may provide for Employer Contributions (as authorized under AA §6) and, if so elected under AA §6-6, After-Tax Employee Contributions. In addition, the Profit Sharing Plan may provide for Matching Contributions with respect to any After-Tax Employee Contributions under the Plan or Elective Deferrals made under another plan maintained by the Employer. If the Plan qualifies as a Grandfathered 401(k) Arrangement (as designated under AA §2-3 of the Profit Sharing Plan Adoption Agreement, the Plan may provide for Salary Deferrals, Employer Contributions, Matching Contributions and After-Tax Employee Contributions.

To share in a contribution under the Plan, an Employee must satisfy all of the conditions for being a Participant (as described in Section 2) and must satisfy any allocation conditions (as described in Section 3.07) applicable to the particular type of contribution. The Employer may designate under AA §2-5 that the Plan is a frozen Plan. As a frozen Plan, the Employer will not make any Employer Contributions or Matching Contributions with respect to Plan Compensation earned after the date identified in AA §2-5 and no Participant will be permitted to make Salary Deferrals or Employee After-Tax Employee Contributions to the Plan for any period following the effective date of the freeze as identified in AA §2-5.

3.02 Employer Contribution Formulas. If permitted under AA §6, the Employer may make an Employer Contribution to the Plan, in accordance with the contribution formula selected under AA §6-2. Subsection (a) below describes the Employer Contributions that may be selected under the Profit Sharing Plan Adoption Agreement, subsection (b) below describes the Employer Contributions that may be made under the Money Purchase Plan Adoption Agreement and subsection (c) below describes the Employer Contributions that may be made under a Grandfathered 401(k) Arrangement. Since a governmental plan is exempt from the nondiscrimination requirements, the contribution formulas described in this Section 3.02 need not satisfy the nondiscrimination tests under Code §401(a)(4) or the regulations thereunder.

(a) **Contribution formulas (Profit Sharing Plan).** The Employer may elect under AA §6-2 of the Profit Sharing Plan Adoption Agreement to make any of the following Employer Contributions. If the Employer elects more than one Employer Contribution formula, each formula is applied separately. The Employer's aggregate Employer Contribution for a Plan Year will be the sum of the Employer Contributions under all such formulas. Any reference to the Adoption Agreement under this subsection (a) is a reference to the Profit Sharing Plan Adoption Agreement.

(1) **Employer Contributions.** An Employer may designate under AA §6 of the Profit Sharing Adoption Agreement the amount of Employer Contributions that may be made under the Plan. Any Employer Contributions selected under AA §6 will be made in accordance with the contribution formula selected under AA §6-2. Any Employer Contribution must be allocated in accordance with a definite allocation formula as set forth in AA §6-3. To receive an allocation of Employer Contributions, a Participant must satisfy any allocations conditions designated under the Plan, as described in Section 3.07 below.

In determining the amount of Employer Contributions to be allocated to Participants under the Plan, the Plan will take into account Plan Compensation (as defined in Section 1.72) for the Plan Year. The Employer may designate under AA §6-4(a) alternative periods for determining the allocation of Employer Contributions. If alternative periods are designated under AA §6-4(a), a Participant's allocation of Employer Contributions will be determined separately for each designated period based on Plan Compensation earned during such period. If an alternative period is designated under AA §6-4(a), the Employer need not actually make the Employer Contribution during the designated period, provided the total Employer Contribution for the Plan Year is allocated based on the proper Plan Compensation. (If the permitted disparity allocation method applies under AA §6-2(b), the allocation will be based on the Plan Year.)

If the Employer maintains any other qualified plan(s) which cover any Participants under this Plan, the Employer may elect under AA §6-4(c) to reduce such Participants' allocation under this Plan to take into account the benefits provided under the Employer's other qualified plan(s). The Employer describe how the offset will be applied under AA §6-4(c)(2).

(i) **Discretionary Employer Contribution.** If a discretionary contribution is selected under AA §6-2(a), the Employer may decide on an annual basis how much (if any) it wishes to contribute to the Plan as an Employer Contribution. If the Employer elects to make a discretionary contribution, such amount may be allocated under the pro rata, permitted disparity, Employee group, age-based or uniform points allocation method (as selected in AA §6-3).

- (A) **Pro rata allocation formula.** Under the pro rata allocation formula, a pro rata share of the Employer Contribution is allocated to each Participant’s Employer Contribution Account. A Participant’s pro rata share may be determined based on the ratio such Participant’s Plan Compensation bears to the total Plan Compensation of all Participants or as a uniform dollar amount, as designated in AA§6-3(a).
- (B) **Permitted disparity allocation formula.** Under the permitted disparity allocation formula, the Employer Contribution is allocated to Participants’ Employer Contribution Accounts using a two-step method. The Employer may not elect the permitted disparity allocation formula under the Plan if the Employer maintains another qualified plan, covering any of the same Employees, which uses permitted disparity in determining the allocation of contributions or the accrual of benefits under such plan.
- (I) **Two-step method.** Under the two-step method, the discretionary Employer Contribution is allocated under the following method:
- (a) **Step one.** The Employer Contribution is allocated to each Participant’s Employer Contribution Account in the ratio that the sum of each Participant’s Plan Compensation plus Excess Compensation (as defined in subsection (II) below) bears to the sum of the total Plan Compensation plus Excess Compensation of all Participants, but not in excess of the Maximum Disparity Rate (as defined in subsection (IV) below).
- (b) **Step two.** Any Employer Contribution remaining after the allocation in subsection (a) above one will be allocated in the ratio that each Participant’s Plan Compensation bears to the total Plan Compensation of all Participants.
- (II) **Excess Compensation.** The amount of Plan Compensation that exceeds the Integration Level.
- (III) **Integration Level.** The Taxable Wage Base, unless specified otherwise under AA §6-3(c)(1).
- (IV) **Maximum Disparity Rate.** The Maximum Disparity Rate is the maximum amount that may be allocated with respect to Excess Compensation. Unless provided otherwise under AA §6-3(c)(2), the maximum amount that may be allocated as a percentage of Plan Compensation and Excess Compensation under step one of the two-step allocation method under subsection (I) above, may not exceed the following percentage:
- | <u>Integration Level</u>
<u>(as a percentage of the Taxable Wage Base)</u> | <u>Maximum</u>
<u>Disparity Rate</u> |
|---|---|
| 100% | 5.7% |
| More than 80% but less than 100% | 5.4% |
| More than 20% and not more than 80% | 4.3% |
| 20% or less | 5.7% |
- The Employer may elect to apply a greater Maximum Disparity Rate under AA §6-3(c)(2).
- (V) **Taxable Wage Base.** The maximum amount of wages that are considered for Social Security purposes as in effect at the beginning of the Plan Year.
- (C) **Uniform points allocation.** Under the uniform points allocation, the Employer will allocate the discretionary Employer Contribution on the basis of each Participant’s total points for the Plan Year, as determined under AA §6-3(d). A Participant’s allocation of the Employer Contribution is determined by multiplying the Employer Contribution by a fraction, the numerator of which is the Participant’s total points for the Plan Year and the denominator of which is the sum of the points for all Participants for the Plan Year.

A Participant will receive points for each year(s) of age and/or each Year(s) of Service designated under AA §6-3(d). In addition, a Participant also may receive points based on his/her Plan Compensation. Each Participant will receive the same number of points for each designated year of age and/or service and the same number of points for each designated level of Plan Compensation.

- (D) **Employee group allocation.** Under the Employee group allocation method, the Employer may make a different discretionary contribution to each Participant's Employer Contribution Account based on the Employee allocation groups designated under AA §6-3(e). The Employer Contribution made for an allocation group will be allocated as a uniform percentage of Plan Compensation or as a uniform dollar amount. If the Employer Contribution is allocated as a percentage of Plan Compensation, the amount that will be allocated to each Participant within an allocation group is determined by multiplying the Employer Contribution made for that allocation group by the following fraction:

$$\frac{\text{Participant's Plan Compensation}}{\text{Plan Compensation of all Participants in the allocation group}}$$

Alternatively, the Employer may set forth in the description of the Employee groups under AA §6-3(e)(2) a fixed contribution amount for a designated Employee group. If a fixed contribution is provided for a specific Employee group, the amount designated as the fixed contribution will be allocated to each Participant within the designated Employee group.

The Employer must designate how much of the Employer Contribution is made for each of the Employee allocation groups and whether such amounts are allocated on the basis of Plan Compensation or as a uniform dollar amount. The portion of the Employer Contribution designated for a specific allocation group will be allocated only to Participants within that allocation group. If a Participant is in more than one allocation group during the Plan Year, the Participant will receive an Employer Contribution based on the Participant's status on the last day of the Plan Year. In the event a Participant is in two or more allocation groups on the last day of the Plan Year, the Participant will receive an Employer Contribution based on the first allocation group listed under AA §6-3(e)(2) in which the Participant is a part. The Employer can provide for a different treatment of Employees in multiple groups under AA §6-3(e)(3)(i).

- (E) **Age-based allocation formula.** Under the age-based allocation formula, the Employer will allocate the discretionary Employer Contribution on the basis of each Participant's adjusted Plan Compensation. For this purpose, a Participant's adjusted Plan Compensation is determined by multiplying the Participant's Plan Compensation by an Actuarial Factor. A Participant's Actuarial Factor is determined based on standard actuarial assumptions using a testing age that is the later of Normal Retirement Age or the Employee's current age. Unless designated otherwise under AA §6-3(f), a Participant's Actuarial Factor is determined based on an 8.5% interest rate and the UP-1984 mortality table. (See Appendix A of the Plan for the Actuarial Factors associated with an 8.5% interest rate and the UP-1984 mortality table and a testing age of 65. If an interest rate other than 8.5% or a mortality table other than the UP-1984 mortality table is selected under AA §6-3(f), or if a testing age other than age 65 is used, the Plan must determine the appropriate Actuarial Factors based on the designated interest rate, mortality table and testing age.)
- (ii) **Fixed Employer Contribution.** The Employer may elect under AA §6-2(b) to make a fixed contribution to the Plan. The Employer may elect under AA §6-2(b)(1) or (2) to make a fixed contribution as a designated percentage of Plan Compensation or as a uniform dollar amount. If a fixed contribution is selected under AA §6-2(b)(1) or (2), the Employer Contribution will be allocated under the fixed contribution formula under AA §6-3(b) in accordance with the selections made in AA §6-2(b).
- (iii) **Service-based Employer Contribution.** If elected in AA §6-2(c), the Employer may make a contribution based on an Employee's service with the Employer during the Plan Year (or other period designated under AA §6-4(a)). The Employer may elect to make the service-based contribution as a discretionary contribution or as a fixed contribution. Any such contribution will be allocated on the basis of Participants' Hours of Service, weeks of employment or other measuring period selected under AA §6-2(c). The Employer Contribution will be allocated under the service-based allocation formula under AA §6-3(g).

- (iv) **Frozen Plan.** The Employer may designate under AA §2-5 that the Plan is a frozen Plan. As a frozen Plan, the Employer will not make any Employer Contributions with respect to Plan Compensation earned after the date identified in AA §2-5. If the Plan holds any unallocated forfeitures at the time of the termination, such forfeitures may be allocated to all eligible Participants in accordance with Section 6.11 in the year of the termination, regardless of any contrary selections under AA §8-7.
- (2) **Matching Contributions.** The Employer may elect under AA §6A of the Profit Sharing Plan Adoption Agreement to authorize Matching Contributions under the Plan. The Employer may elect to provide Matching Contributions with respect to After-Tax Employee Contributions or Employer Pick-Up Contributions authorized under AA §6-6 or with respect to Elective Deferrals under another plan, 457(b) plan or 403(b) plan maintained by the Employer. If the Employer elects to make a Matching Contribution based on the Employee's Elective Deferrals or Roth Deferrals under another plan, 457(b) plan or 403(b) plan, the Employer shall make a Matching Contribution on behalf of any Eligible Participant who makes Elective Deferrals or Roth Deferrals to the plan designated under AA §6A-3(b). Any such Matching Contribution made to the Plan will be allocated under the formula elected in AA §6A-2. Any such Matching Contributions will be in addition to any Matching Contributions made with respect to After-Tax Employee Contributions or Employer Pick-Up Contributions under the Plan.

If the Employer elects more than one Matching Contribution formula under AA §6A-2, each formula is applied separately. A Participant's aggregate Matching Contributions will be the sum of the Matching Contributions under all such formulas. Any Matching Contribution made under the Plan will be allocated to Participants' Matching Contribution Account. To receive an allocation of Matching Contributions, a Participant must satisfy any allocations conditions designated under the Plan, as described in Section 3.07 below.

- (i) **Period for determining Matching Contributions.** AA §6A-5 sets forth the period for which the Matching Contribution formula(s) applies. For this purpose, the period designated in AA §6A-5 applies for purposes of determining the amount of Elective Deferrals (and After-Tax Employee Contributions or Employer Pick-Up Contributions, if applicable) taken into account in applying the Matching Contribution formula(s) and in applying any limits on the amount of Elective Deferrals, After-Tax Employee Contributions or Employer Pick-Up Contributions that may be taken into account under the Matching Contribution formula(s). (See subsection (ii) for rules applicable to true-up contributions where the Employer contributes Matching Contributions to the Plan on a different period than selected under AA §6A-5.)
- (ii) **True-up contributions.** If the Employer makes Matching Contributions more frequently than annually, the Employer may have to make true-up contributions for Participants. Such true-up contributions will be required if the Employer actually contributes Matching Contributions to the Plan on a more frequent basis than is used for purposes of determining the amount of Salary Deferrals taken into account under AA §6A-5. If a true-up contribution is required under this subsection (ii), the Employer may make such additional contribution as required to satisfy the contribution requirements under the Plan.
- (b) **Employer Contribution formulas (Money Purchase Plan).** The Employer may elect under AA §6 of the Money Purchase Plan Adoption Agreement to make any of the following Employer Contributions. Each Participant will receive an allocation of Employer Contributions equal to the amount determined under the contribution formula elected under AA §6-2. Any reference to the Adoption Agreement under this subsection (b) is a reference to the Money Purchase Plan Adoption Agreement. To receive an allocation of Employer Contributions, a Participant must satisfy any allocations conditions designated under the Plan, as described in Section 3.07 below.

In determining the amount of Employer Contributions to be allocated to Participants under the Plan, the Plan will take into account Plan Compensation (as defined in Section 1.72) for the Plan Year. The Employer may designate under AA §6-4 alternative periods for determining the allocation of Employer Contributions. If alternative periods are designated under AA §6-4, a Participant's allocation of Employer Contributions will be determined separately for each designated period based on Plan Compensation earned during such period. If an alternative period is designated under AA §6-4, the Employer need not actually make the Employer Contribution during the designated period, provided the total Employer Contribution for the Plan Year is allocated based on the proper Plan Compensation. (If the permitted disparity allocation method applies under AA §6-2(b), the allocation will be based on the Plan Year.)

If the Employer maintains any other qualified plan(s) which cover any Participants under this Plan, the Employer may elect under AA §6-3(b) to reduce such Participants' allocation under this Plan to take into account the benefits provided under the Employer's other qualified plan(s). The Employer may describe under AA §6-3(b)(2) how the offset will be applied.

- (1) **Uniform Employer Contribution.** If elected under AA §6-2(a), the Employer will make a contribution to each Participant under the Plan as a uniform percentage of Plan Compensation or as a uniform dollar amount, as designated in AA§6-2(a).
- (2) **Permitted disparity contribution formula.** If elected under AA §6-2(b), the Employer will make a permitted disparity contribution to each Participant using either the individual or group method. The Employer may not elect the permitted disparity contribution formula under the Plan if the Employer maintains another qualified plan, covering any of the same Employees, which uses permitted disparity in determining the allocation of contributions or the accrual of benefits under such plan.
- (i) **Individual method.** Under the individual method, each Participant will receive an allocation of the Employer Contribution equal to the amount determined under the contribution formula under AA §6-2(b)(1). A Participant may not receive an allocation with respect to Excess Compensation that exceeds the Maximum Disparity Rate.
- (A) **Excess Compensation.** The amount of Plan Compensation that exceeds the Integration Level.
- (B) **Integration Level.** The Taxable Wage Base, unless specified otherwise under AA §6-2(b)(3).
- (C) **Maximum Disparity Rate.** The Maximum Disparity Rate is the maximum amount that may be allocated with respect to Excess Compensation under the permitted disparity formula. Unless provided otherwise under AA §6-2(b)(3), the maximum amount that may be allocated as a percentage of Plan Compensation and Excess Compensation is the following percentage:

<u>Integration Level</u> <u>(as a percentage of the Taxable Wage Base)</u>	<u>Maximum</u> <u>Disparity Rate</u>
100%	5.7%
More than 80% but less than 100%	5.4%
More than 20% and not more than 80%	4.3%
20% or less	5.7%

The Employer may elect to apply a greater Maximum Disparity Rate under AA §6-2(b)(3)(ii).

- (D) **Taxable Wage Base.** The maximum amount of wages that are considered for Social Security purposes as in effect at the beginning of the Plan Year.
- (ii) **Group method.** Under the group method, the Employer contributes a fixed percentage of total Plan Compensation of all Participants. The Employer Contribution is then allocated under the two-step method (as described in subsection (a)(1)(i)(B)(I) above). In determining Excess Compensation, the Integration Level is the Taxable Wage Base, unless designated otherwise under AA §6-2(b)(3).
- (3) **Employee group contribution formula.** Under the Employee group contribution formula, the Employer may make a different contribution to each Participant’s Employer Contribution Account based on the designated Employee groups identified under AA §6-2(c).

The Employer Contribution made for a designated Employee group will be allocated to each eligible Participant in such group as a uniform percentage of Plan Compensation or as a uniform dollar amount, as designated in AA §6-2(c)(2). The Employer also may elect to allocate an amount to each eligible Participant in a designated Employee group the maximum amount permissible under Code §415. See Section 5.02.

The Employee groups designated in AA §6-2(c) must be clearly defined in a manner that will not violate the definite determinable requirement of Treas. Reg. §1.401-1(b)(1)(ii). The portion of the Employer Contribution designated for a specific Employee group will be allocated only to Participants within that group. If a Participant is in more than one Employee group during the Plan Year, the Participant will receive an Employer Contribution based on the Participant’s status on the last day of the Plan Year. In the event a Participant is in two or more Employee groups on the last day of the Plan Year, the Participant will receive an Employer Contribution based on the first Employee group listed under AA §6-2(c) in which the Participant is a part. The Employer can provide for a different treatment of Employees in multiple groups as part of the group description in AA §6-2(c)(1).

- (4) **Age-based contribution formula.** Under the age-based contribution formula, the Employer will contribute a specific percentage of each Participant's adjusted Plan Compensation. For this purpose, a Participant's adjusted Plan Compensation is determined by multiplying the Participant's Plan Compensation by an Actuarial Factor. A Participant's Actuarial Factor must be determined based on standard actuarial assumptions using a testing age that is the later of Normal Retirement Age or the Employee's current age. Unless designated otherwise under AA §6-2(d), a Participant's Actuarial Factor is determined based on an 8.5% interest rate and the UP-1984 mortality table. (See Appendix A of the Plan for the Actuarial Factors associated with an 8.5% interest rate and the UP-1984 mortality table and a testing age of 65. If an interest rate other than 8.5% or a mortality table other than the UP-1984 mortality table is selected under AA §6-2(d), or if a testing age other than age 65 is used, the Plan must determine the appropriate Actuarial Factors based on the designated interest rate, mortality table and testing age.)
- (5) **Service-based Employer Contribution.** If elected in AA §6-2(e), the Employer will make a contribution based on an Employee's service with the Employer during the Plan Year (or other period designated under AA §6-4.) The Employer Contribution will be allocated on the basis of Participants' Hours of Service, weeks of employment or other measuring period selected under AA §6-2(e).
- (6) **Frozen Plan.** The Employer may designate under AA §2-5 that the Plan is a frozen Plan. As a frozen Plan, the Employer will not make any Employer Contributions with respect to Plan Compensation earned after the date identified in AA §2-5. If the Plan holds any unallocated forfeitures at the time of the termination, such forfeitures may be allocated to all eligible Participants in accordance with Section 6.11 in the year of the termination, regardless of any contrary selections under AA §8-5.
- (c) **Contribution formulas (Grandfathered 401(k) Plan).** If the Employer is eligible to maintain a Grandfathered 401(k) Arrangement (as defined under Section 2-3(b)), the Employer may elect under the Adoption Agreement to make Employer Contributions, Matching Contributions and/or Salary Deferrals. Any reference to the Adoption Agreement under this subsection (c) is a reference to the Grandfathered 401(k) Plan Adoption Agreement.
- (1) **Employer Contributions.** An Employer may designate under AA §6 of the Grandfathered 401(k) Plan Adoption Agreement the amount of Employer Contributions that may be made under the Plan. The same rules apply with respect to Employer Contributions under the Grandfathered 401(k) Arrangement as apply under the Profit Sharing Plan, as set forth under subsection (a), above. If the Employer elects more than one Employer Contribution formula, each formula is applied separately. The Employer's aggregate Employer Contribution for a Plan Year will be the sum of the Employer Contributions under all such formulas.
- (2) **Salary Deferrals.** The Employer may elect under AA §6A of the Grandfathered 401(k) Plan Adoption Agreement to authorize Participants to make Salary Deferrals under the Plan. A Participant's total Salary Deferrals may not exceed the lesser of any limitation designated under AA §6A-2, the Elective Deferral Dollar Limit described under Section 5.03, or the amount permitted under the Code §415 Limitation described under Section 5.02. The Employer may elect under AA §6A-2(b) of the Grandfathered 401(k) Plan Adoption Agreement to apply a different limit on Salary Deferrals to the extent such Salary Deferrals are withheld from a Participant's bonus payments.
- (i) **Salary Deferral Election.** In order to make Salary Deferrals under the Plan, a Participant must enter into a Salary Deferral Election which authorizes the Employer to withhold a specific dollar amount or a specific percentage from the Participant's Plan Compensation. The Salary Reduction Agreement may permit a Participant to specify a different percentage or dollar amount be withheld from specified components of Plan Compensation, such as base pay, bonuses, commissions, etc. In addition, the Salary Deferral Election may provide that the Employee's deferral election will increase by a designated amount unless the Employee affirmatively elects otherwise. The Employer will deposit any amounts withheld from a Participant's Plan Compensation as Salary Deferrals into the Participant's Salary Deferral Account under the Plan. A Salary Deferral Election may only relate to Plan Compensation that is not currently available at the time the Salary Deferral Election is completed. In determining the amount to be withheld from a Participant's Plan Compensation, a Salary Deferral election may be rounded to the next highest or lowest whole dollar amount.

The Employer may designate under AA §6A-8 of the Grandfathered 401(k) Plan Adoption Agreement to apply a special effective date as of which Participants may begin making Salary Deferrals under the Plan. Regardless of any special effective date designated under AA §6A-8, a Salary Deferral Election may not be effective prior to the later of:

- (A) the date the Employee becomes a Participant;

- (B) the date the Participant executes the Salary Deferral Election; or
- (C) the date the Plan is first adopted or effective.

In addition, Salary Deferrals made pursuant to a Salary Deferral Election may not be made earlier than the date the Participant performs the services to which such Salary Deferrals relate or the date the compensation subject to such Salary Deferral Election would be currently available to the Participant absent the deferral election (if earlier). Regardless of when a Participant elects to commence making Salary Deferrals, the Employer may delay commencement for a reasonable period of time in order to implement the Salary Deferral election.

A Salary Deferral Election is valid even though it is executed by an Employee before he/she actually has qualified as a Participant, so long as the Salary Deferral Election is not effective before the date the Employee is a Participant.

- (ii) **Change in deferral election.** An Employee must be permitted to enter into a new Salary Deferral Election or to modify or terminate an existing Salary Deferral Election at least once a year. The Employer may designate additional dates on the Salary Deferral Election form (or other written procedures) as to when a Participant may modify or terminate a Salary Deferral Election. Alternatively, the Employer may designate under AA §6A-6 of the Grandfathered 401(k) Plan Adoption Agreement specific dates for a Participant to modify or terminate an existing Salary Deferral Election. Any election to modify or terminate a Salary Deferral Election will take effect within a reasonable period following such election and will apply only on a prospective basis. Regardless of any specific dates designated under AA §6A-6, the Employer may allow an Employee to increase his/her deferral election up to the Elective Deferral Dollar Limit at any time during the last two months of the Plan Year.
- (iii) **Automatic Contribution Arrangement.** The Employer may elect under AA §6A-7 of the Grandfathered 401(k) Plan Adoption Agreement to provide for an automatic deferral election under the Plan. If the Employer elects to apply an automatic deferral election, the Employer will automatically withhold the amount designated under AA §6A-7 from Participants' Plan Compensation, unless the Participant completes a Salary Deferral Election electing a different deferral amount (including a zero deferral amount). Unless provided otherwise under AA §6A-7, an Employee who is automatically enrolled under a prior plan document will continue to be automatically enrolled under the current Plan document.
 - (A) **Automatic increase.** The Plan may provide under AA §6A-7 of the Grandfathered 401(k) Plan Adoption Agreement that the automatic deferral amount will automatically increase by a designated percentage each Plan Year. Unless designated otherwise under AA §6A-7(a)(4), in applying any automatic deferral increase under AA §6A-7, the initial deferral amount will apply for the period that begins when the employee first participates in the automatic contribution arrangement and ends on the last day of the following Plan Year. The automatic increase will apply for each Plan Year beginning with the Plan Year immediately following the initial deferral period and for each subsequent Plan Year.
 - (B) **Annual notice requirement.** Each eligible Employee must receive a written notice describing the Participant's rights and obligations under the Plan which is sufficiently accurate and comprehensive to apprise the Employee of such rights and obligations, and is written in a manner calculated to be understood by the average Plan Participant. The annual notice only needs to be provided to those Employees who are covered under the Automatic Contribution Arrangement. If it is impractical to provide the annual notice to a newly eligible Participant before the date such individual becomes eligible to participate under the Plan, the notice will be treated as timely if it is provided as soon as practicable after such date and the Employee is permitted to defer from Plan Compensation earned beginning on the date of participation.
 - (C) **Timing of annual notice.** The annual notice must be provided within a reasonable period before the beginning of each Plan Year (or, in the year an Employee becomes an eligible Employee, within a reasonable period before the Employee becomes an eligible Employee). In addition, a notice satisfies the timing requirements only if it is provided sufficiently early so that the Employee has a reasonable period of time after receipt of the notice and before the first Salary Deferral made under the arrangement to make an alternative deferral election. The annual notice will be deemed timely if it is provided to each eligible Employee at least 30 days (and no more than 90 days) before the beginning of each Plan Year. In the case of an Employee who does not

receive the notice within such period because the Employee becomes an eligible Employee after the 90th day before the beginning of the Plan Year, the timing requirement is deemed to be satisfied if the notice is provided no more than 90 days before the Employee becomes an eligible Employee (and no later than the date the Employee becomes an eligible Employee).

- (D) **Timing of automatic deferral.** Generally, the automatic deferral will commence as of the date the Employee is otherwise eligible to make Salary Deferrals under the Plan, if the Employee had completed a Salary Deferral Election. However, the automatic deferral will be treated as timely if the automatic deferral commences no later than the earlier of the pay date for the second payroll period or the pay date that occurs at least 30 days following the later of:

- (I) the date on which the Employee first becomes an Eligible Employee (or becomes an Eligible Employee following a rehire); or
- (II) the date on which such Employee is provided notice of the automatic deferral,

but in no event later than the time period prescribed in Code §410(a) or any other regulations thereunder.

- (E) **Permissible Withdrawals.** If so elected under AA §6A-7(b) of the Grandfathered 401(k) Plan Adoption Agreement, effective for Plan Years beginning on or after January 1, 2008, any Employee who has Salary Deferrals contributed to the Plan pursuant to an automatic deferral election may elect to withdraw such contributions (and earnings attributable thereto) in accordance with the requirements of this subsection (E). A permissible withdrawal under this subsection (E) may be made without regard to any elections under AA §10 and will not cause the Plan to fail the prohibition on in-service distribution applicable to Salary Deferrals under Section 7.10(c).

- (I) **Amount of distribution.** A distribution satisfies the requirement of this subsection (E) if the distribution is equal to the amount of Salary Deferrals made pursuant to the automatic deferral election through the effective date of the withdrawal election (as described in subsection (III)) adjusted for allocable gains and losses as of the date of the distribution.

The distribution amount determined under this subsection (I) may be reduced by any generally applicable fees. However, the Plan may not charge a greater fee for a permissible distribution under this subsection (E) than applies with respect to other Plan distributions.

- (II) **Timing of permissive withdrawal election.** An election to withdraw Salary Deferrals under this subsection (E) must be made no later than 90 days after the date of the first default Salary Deferral. The date of the first default Salary Deferral is the date that the Plan Compensation from which such Salary Deferrals are withheld would otherwise have been included in gross income. The Employer may designate an alternative period for making permissive withdrawals under AA §6A-7(b)(3).

- (III) **Effective date of permissible withdrawal.** The effective date of a permissible withdrawal election cannot be later than the pay date for the second payroll period that begins after the election is made or, if earlier, the first pay date that occurs at least 30 days after the election is made. If an Employee does not make automatic deferrals to the Plan for an entire Plan Year (e.g., due to termination of employment), the Plan may allow such Employee to take a permissive withdrawal, but only with respect to default contributions made after the Employee's return to employment.

- (IV) **Consequences of permissible withdrawal.** Any amount distributed under this subsection (E) is includible in the Employee's gross income for the taxable year in which the distribution is made. However, the portion of any distribution consisting of Roth Deferrals is not included in an Employee's gross income a second time. In addition, a permissible withdrawal under this subsection (E) is not subject to any penalty tax under Code §72(t). Unless the Employee affirmatively elects otherwise, any withdrawal request will be treated as an affirmative election to stop having Salary Deferrals made on the Employee's behalf as of the date specified in subsection (III) above.

- (iv) **Catch-Up Contributions.** If permitted under AA §6A-4 of the Grandfathered 401(k) Plan Adoption Agreement, a Participant who is aged 50 or over by the end of his/her taxable year beginning in the calendar year may make Catch-Up Contributions, provided such Catch-Up Contributions are in excess

of an otherwise applicable limit under the Plan. For this purpose, an otherwise applicable Plan limit is a limit in the Plan that applies to Salary Deferrals without regard to Catch-up Contributions, such as a Plan-imposed Salary Deferral limit under AA §6A-2, the Code §415 Limitation (described in Section 5.02), or the Elective Deferral Dollar Limit (described in Section 5.03).

- (A) **Catch-Up Contribution Limit.** Catch-up Contributions for a Participant for a taxable year may not exceed the Catch-Up Contribution Limit. The Catch-Up Contribution Limit for taxable years beginning in 2010 through 2014 is \$5,500. For taxable years beginning after 2014, the Catch-Up Contribution Limit will be adjusted for cost-of-living increases under Code §414(v)(2)(C). The Employer may operationally limit Catch-Up Contributions so that a Participant's total Catch-Up Contributions, when added to other Salary Deferrals, may not exceed 75 percent of the Participant's Plan Compensation for the taxable year.
 - (B) **Special treatment of Catch-Up Contributions.** Catch-up Contributions are not subject to the Elective Deferral Dollar Limit or the Code §415 Limitation.
- (v) **Roth Deferrals.** For Plan Years beginning on or after January 1, 2006, if permitted under AA §6A-5 of the Grandfathered 401(k) Plan Adoption Agreement, a Participant may designate all or a portion of his/her Salary Deferrals as Roth Deferrals. For this purpose, a Roth Deferral is a Salary Deferral that satisfies the following conditions.
- (A) **Irrevocable election.** The Participant makes an irrevocable election (at the time the Participant enters into his/her Salary Deferral Election) designating all or a portion of his/her Salary Deferrals as Roth Deferrals. The irrevocable election applies with respect to Salary Deferrals that are made pursuant to such election. A Participant may modify or change a Salary Deferral Election to increase or decrease the amount of Salary Deferrals designated as Roth Deferrals, provided such change or modification applies only with respect to Salary Deferrals made after such change or modification. (See subsection (ii) above for rules regarding the timing of permissible changes or modifications to a Participant's Salary Deferral Election.)
 - (B) **Subject to immediate taxation.** To the extent a Participant designates all or a portion of his/her Salary Deferrals as Roth Deferrals, such amounts will be includible in the Participant's income at the time the Participant would have received the contribution amounts in cash if the Employee had not made the Salary Deferral election.
 - (C) **Separate account.** Any amounts designated as Roth Deferrals will be maintained by the Plan in a separate Roth Deferral Account. The Plan will credit and debit all contributions and withdrawals of Roth Deferrals to such separate Account. The Plan will separately allocate gains, losses, and other credits and charges to the Roth Deferral Account on a reasonable basis that is consistent with such allocations for other Accounts under the Plan. However, in no event may the Plan allocate forfeitures under the Plan to the Roth Deferral Account. The Plan will separately track Participants' accumulated Roth Deferrals and the earnings on such amounts.
 - (D) **Satisfaction of Salary Deferral requirements.** Roth Deferrals are subject to the same requirements as apply to Salary Deferrals. Thus Roth Deferrals are subject to the following requirements:
 - (I) Roth Deferrals are always 100% vested, as provided in Section 6.01.
 - (II) Roth Deferrals are subject to the Elective Deferral Dollar Limit, as described in Section 5.03. For this purpose, all Salary Deferrals (both Pre-Tax Salary Deferrals and Roth Deferrals) are aggregated in applying the Elective Deferral Dollar Limit.
 - (III) Roth Deferrals are subject to the same distribution restrictions as apply to Salary Deferrals under Section 7.10(c). See Section 7.11(b) for special distribution provisions applicable to Roth Deferrals.
 - (IV) Roth Deferrals are subject to the required minimum distribution requirements under Code §401(a)(9), as set forth in Section 8.

(E) **Rollover of Roth Deferrals.**

- (I) **Rollovers from this Plan.** For purposes of the rollover rules under Section 7.04, a Direct Rollover of a distribution from a Participant's Roth Deferral Account will only be made to another Roth Deferral Account under a qualified plan described in Code §401(a) or an annuity contract or custodial account described in Code §403(b) or to a Roth IRA described in §408A, and only to the extent the rollover is permitted under the rules of Code §402(c).
- (II) **Rollovers to this Plan.** Subject to the provisions under Section 3.05, a Participant may make a Rollover Contribution to his/her Roth Deferral Account only if the rollover is a Direct Rollover from another Roth Deferral Account under a qualified retirement plan (as described in Section 3.05) and only to the extent the rollover is permitted under the rules of Code §402(c). A rollover of Roth Deferrals may not be made to this Plan from a Roth IRA. Any rollover of Roth Deferrals to this Plan will be held in a separate Roth Rollover Account.
- (III) **Minimum rollover amount.** The Plan will not provide for a Direct Rollover for distributions from a Participant's Roth Deferral Account if it is reasonably expected (at the time of the distribution) that the total amount the Participant will receive as a distribution during the calendar year will total less than \$200. In addition, any distribution from a Participant's Roth Deferral Account is not taken into account in determining whether distributions from a Participant's other Accounts are reasonably expected to total less than \$200 during a year.
- (IV) **Separate treatment of Roth Deferrals.** The provisions under Section 7.04 that allow a Participant to elect a Direct Rollover of only a portion of an Eligible Rollover Distribution but only if the amount rolled over is at least \$500 is applied by treating any amount distributed from the Participant's Roth Deferral Account as a separate distribution from any amount distributed from the Participant's other Accounts in the Plan, even if the amounts are distributed at the same time.
- (3) **Matching Contributions.** The Employer may elect under AA §6B of the Grandfathered 401(k) Plan Adoption Agreement to authorize Matching Contributions under the Plan. If the Employer elects more than one Matching Contribution formula under AA §6B-2, each formula is applied separately. A Participant's aggregate Matching Contributions will be the sum of the Matching Contributions under all such formulas. Any Matching Contribution made under the Plan will be allocated to Participants' Matching Contribution Account. To receive an allocation of Matching Contributions, a Participant must satisfy any allocations conditions designated under the Plan, as described in Section 3.07 below.
- (i) **Contributions eligible for Matching Contributions.** The Matching Contribution formula(s) apply to Salary Deferrals, Catch-Up Contributions, After-Tax Employee Contributions and/or Employer Pick-Up Contributions made under the Plan, to the extent authorized under the Adoption Agreement. In addition, the Employer may elect under AA §6B-3(g) to match Elective Deferrals under another qualified plan, 403(b) plan or 457(b) plan maintained by the Employer. If the Employer elects to make a Matching Contribution based on the Employee's Elective Deferrals or Roth Deferrals under another qualified plan, 403(b) plan or 457(b) plan, the Employer shall make a Matching Contribution on behalf of any eligible Participant who makes Elective Deferrals or Roth Deferrals to the plan designated under AA §6B-3(g). Any such Matching Contribution made to the Plan will be allocated in accordance with any special provisions added under AA §6B-3(b). Any such Matching Contributions will be in addition to any Matching Contributions made with respect to Salary Deferrals, After-Tax Employee Contributions, Catch-Up Contributions and/or Employer Pick-Up Contributions under this Plan.
- (ii) **Period for determining Matching Contributions.** AA §6B-5 sets forth the period for which the Matching Contribution formula(s) applies. For this purpose, the period designated in AA §6B-5 applies for purposes of determining the amount of Salary Deferrals, Catch-Up Contributions, After-Tax Employee Contributions, and/or Employer Pick-Up Contributions taken into account in applying the Matching Contribution formula(s) and in applying any limits on the amount of Salary Deferrals that may be taken into account under the Matching Contribution formula(s). (See subsection (iii) for rules applicable to true-up contributions where the Employer contributes Matching Contributions to the Plan on a different period than selected under AA §6B-5.)

If the Employer elects a discretionary Matching Contribution under the Plan, the Employer may elect to make a different Matching Contribution for each period for which Matching Contributions are determined under the Plan. Thus, for example, if the discretionary Matching Contribution is based on the

Plan Year quarter, the Employer may elect to make a different level of Matching Contribution for each Plan Year quarter. The Matching Contribution for the full Plan Year must be taken into account in applying the ACP Test with respect to such Plan Year.

- (iii) **True-up contributions.** If the Employer makes Matching Contributions more frequently than annually, the Employer may have to make true-up contributions for Participants. True-up contributions will be required if the Employer actually contributes Matching Contributions to the Plan on a more frequent basis than the period that is used to determine the amount of the Matching Contributions under AA §6B-5. For example, if Matching Contributions apply with respect to Salary Deferrals made for the Plan Year, but the Employer contributes the Matching Contributions on a quarterly basis, the Employer may have to make a true-up contribution to any Participant based on Salary Deferrals for the Plan Year. If a true-up contribution is required under this subsection (iii), the Employer may make such additional contribution as required to satisfy the contribution requirements under the Plan. If true-up contributions will not be made for any Participant under the Plan, payroll period should be selected under AA §6B-5(a).

If Matching Contributions are determined on a period other than the Plan Year, the Employer may make an additional discretionary Matching Contribution equal to the true-up contribution that would otherwise be required if Matching Contributions were determined on a Plan Year basis. If an additional discretionary Matching Contribution is made under this subsection (iii), such contribution must be provided to all eligible Participants who would otherwise be entitled to a true-up contribution based on Plan Compensation for the Plan Year.

- 3.03 Employer Pick-Up Contributions.** The Employer may elect under AA §6-6(c) to make Employer Pick-Up Contributions. A Employer Pick-Up Contribution is a contribution made by an Employee that is “picked up” by the Employer in accordance with Code §414(h)(2). If the Employer elects to provide Employer Pick-Up Contributions under AA §6-6(c), a Participant who meets the eligibility requirements of AA §4-1 shall be deemed to have authorized the Employer to deduct the amount designated under AA §6-6(c) from the Participant’s Plan Compensation prior to payment. Contributions picked-up under this Section 3.03 will be withheld from the Employee’s compensation and deposited into the Participant’s Employer Pick-up Contribution Account. Contributions that are picked up under this Section 3.03 will be treated as Employer Contributions under the Plan and such contributions and earnings thereon will be 100% vested at all times.

To constitute an Employer Pick-up Contribution under this Section 3.03, the Employer must:

- (a) specify that the contributions, although designated as Employee contributions, are being paid by the Employer in lieu of contributions by the Employee,
- (b) take the action necessary to effectuate the pick-up, which must be completed before the period to which such contributions relate,
- (c) exclude from the Employee's gross income the contributions picked up by the Employer until such time as they are distributed to the Employee, and
- (d) prohibit an Employee from opting out of the Employer Pick-up Contribution and prohibit the receipt of the contributed amounts directly instead of having them paid by the Employer to the Plan.

To satisfy the requirements of this Section 3.03, the Employer Pick-Up Contributions must be effectuated by a person duly authorized to take such action with respect to the Employer and must be evidenced by a contemporaneous written document, such as minutes from a meeting, a resolution, an ordinance or this Plan document. Any Participating Employee may not enter into a cash or deferred election (within the meaning of Treas. Reg. § 1.401(k)-1(a)(3)) with respect to the designated Employee contributions, at any time from or after the date of the implementation of the Employer Pick-Up Contribution. For example, a Participant may not opt out of the Employer Pick-Up Contribution or receive the contributed amounts directly instead of having them paid by the Employer into the Plan.

- 3.04 After-Tax Employee Contributions.** The Employer may elect under AA §6-6 to allow Participants to make After-Tax Employee Contributions under the Plan. If permitted under AA §6-6, a Participant’s compensation will be reduced by the amount the Participant elects to contribute as an After-Tax Employee Contribution. The After-Tax Employee Contributions may be Voluntary After-Tax Employee Contributions as designated under AA §6-6(a) or may be Mandatory After-Tax Employee Contributions as designated under AA §6-6(b). Any After-Tax Employee Contributions made under the Plan will be held in Participants’ After-Tax Employee Contribution Account, which is always 100% vested.

A Participant may increase, decrease, discontinue or resume his/her After-Tax Employee Contributions as designated under AA §6-6. An Employee must be permitted to modify or terminate an existing After-Tax Employee Contribution election at least once a year. The Employer may designate additional dates on the After-Tax Employee Contribution election form (or other

written procedures) as to when a Participant may commence, modify or terminate After-Tax Employee Contributions. Alternatively, the Employer may designate under AA §6-6(a)(2) specific dates as of which a Participant may commence, modify or terminate Voluntary After-Tax Employee Contributions. Any election to modify or terminate an After-Tax Employee Contribution election will take effect within a reasonable period following such election and will apply only on a prospective basis.

A Participant may withdraw amounts from his/her After-Tax Employee Contribution Account at any time, in accordance with the distribution rules under Section 7.10(a), except as otherwise provided under AA §10. No forfeitures will occur solely as a result of an Employee's withdrawal of After-Tax Employee Contributions. The Employer may collect Participants' After-Tax Employee Contributions using payroll reduction or other collection procedures. The Employer may designate in AA §6-6(a)(3) or AA §6-6(b)(2), as applicable, or in separate administrative procedures any special rules regarding the acceptance of After-Tax Employee Contributions. Any separate procedures will apply uniformly to all Participants under the Plan.

3.05 **Rollover Contributions.** An Employee (or former Employee) may make a Rollover Contribution to this Plan from a qualified retirement plan or from an IRA, if the acceptance of rollovers is permitted under AA §C-2 or if the Plan Administrator adopts administrative procedures regarding the acceptance of Rollover Contributions. Subject to the provisions under Section 3.02(c)(2)(v)(E) relating to rollovers of Roth Deferrals, any Rollover Contribution an Employee (or former Employee) makes to this Plan will be held in the Employee's Rollover Contribution Account, which is always 100% vested. A Participant may withdraw amounts from his/her Rollover Contribution Account at any time, in accordance with the distribution rules under Section 7, except as prohibited under AA §10. Any amounts received as a Rollover Contribution under this Section 3.05 will not be treated as an Annual Addition for purposes of applying the Code §415 Limitation described in Section 5.02.

For purposes of this Section 3.05, a qualified retirement plan is a tax-qualified retirement plan described in Code §401(a) or Code §403(a), an annuity contract described in §403(b) of the Code, or an eligible plan under §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. To qualify as a Rollover Contribution under this Section, the Rollover Contribution must be transferred directly from the qualified retirement plan or IRA in a Direct Rollover or must be transferred to the Plan by the Employee within sixty (60) days following receipt of the amounts from the qualified plan or IRA.

If Rollover Contributions are permitted, an Employee (or former Employee) may make a Rollover Contribution to the Plan even if the Employee is not a Participant with respect to any or all other contributions under the Plan, unless otherwise prohibited under AA §C-2 or separate administrative procedures adopted by the Plan Administrator. An Employee who makes a Rollover Contribution to this Plan prior to becoming a Participant shall be treated as a Participant only with respect to such Rollover Contribution Account, but shall not be treated as a Participant with respect to other contribution sources under the Plan until he/she otherwise satisfies the eligibility conditions under the Plan. To the extent Participant loans are authorized under the Plan, a "limited Participant" under this paragraph may request a Participant loan from the Rollover Contribution Account, unless provided otherwise under AA §B-3 or separate administrative procedures adopted by the Plan Administrator.

The Plan Administrator may refuse to accept a Rollover Contribution if the Plan Administrator reasonably believes the Rollover Contribution:

- (a) is not being made from a proper plan or IRA;
- (b) is not being made within sixty (60) days from receipt of the amounts from a qualified retirement plan or IRA;
- (c) could jeopardize the tax-exempt status of the Plan; or
- (d) could create adverse tax consequences for the Plan or the Employer.

Prior to accepting a Rollover Contribution, the Plan Administrator may require the Employee to provide satisfactory evidence establishing that the Rollover Contribution meets the requirements of this Section.

The Plan Administrator may apply different conditions for accepting Rollover Contributions from qualified retirement plans and IRAs. For example, the Plan Administrator may decide in its discretion whether to accept a Direct Rollover of a loan note from another qualified plan. Any conditions on Rollover Contributions must be applied uniformly to all Employees under the Plan.

3.06 **Deductible Employee Contributions.** The Plan Administrator will not accept deductible employee contributions that are made for a taxable year beginning after December 31, 1986. Contributions made prior to that date will be maintained in a separate Account which will be nonforfeitable at all times. The Account will share in the gains and losses under the Plan in the same manner as described in Section 10.03(d). No part of the deductible voluntary contribution Account will be used to purchase life insurance. The Participant may withdraw any part of the deductible voluntary contribution Account by making a written application to the Plan Administrator.

- 3.07** **Allocation Conditions.** In order to receive an allocation of Employer Contributions and/or Matching Contributions, a Participant must satisfy any allocation conditions designated under the Adoption Agreement with respect to such contributions. If the Employer elects to apply a minimum service requirement for Employer Contributions and/or Matching Contributions, the Employer may elect to base such minimum service requirement on the basis of Hours of Service or on the basis of consecutive days of employment under the Elapsed Time method.
- (a) **Special rule for year of termination.** A last day employment condition automatically applies for any Plan Year in which the Plan is terminated, regardless of whether the Employer has elected to apply a last day employment condition under the Adoption Agreement. If there are unallocated forfeitures at the time of Plan termination, such forfeitures will be allocated to Participants under the Plan's procedures for allocating forfeitures.
 - (b) **Service with Predecessor Employers.** To the extent provided by the Employer under AA §4-5, if the Employer maintains the plan of a Predecessor Employer, any service with such Predecessor Employer is treated as service with the Employer for purposes of applying the allocation conditions under this Section 3.07.
- 3.08** **Contribution of Property.** Subject to the consent of the Trustee, the Employer may make its contribution to the Plan in the form of property.

SECTION 4

SPECIAL RULES AFFECTING GOVERNMENTAL PLANS AND INDIAN TRIBAL GOVERNMENT PLANS

4.01 **Governmental Plan.** Provided the Plan is properly adopted by an entity that meets the requirements for establishing and maintaining a Governmental Plan under Code §414(d), this Plan is a qualified plan under Code §401(a).

(a) **Governmental Plan exemptions.** As a Governmental Plan, this Plan is exempt from Title I of ERISA and certain qualification rules under Code §401(a), including:

- (1) The minimum age and service rules under Code §410(a) and the minimum coverage rules under Code §410(b).
- (2) The minimum vesting requirements of Code §411, including minimum vesting schedules, consent requirements for plan distributions, and the anti-cutback rule under Code §411(d)(6).
- (3) The nondiscrimination requirements under Code §§401(a)(4), 401(k) and 401(m).
- (4) The top-heavy rules under Code §416.
- (5) The joint and survivor annuity rules under Code §§401(a)(11) and 417.
- (6) The requirements for protecting benefits pursuant to a plan merger or a transfer of plan assets and liabilities, as prescribed by Code §401(a)(12).
- (7) The anti-assignment rule under Code §401(a)(13). However, the Code provisions relating to the taxability of benefits distributed pursuant to a Qualified Domestic Relations Order (QDRO) are applicable to benefits payable to an alternate payee under the QDRO. See Code §414(p)(11).
- (8) The commencement of benefit requirements under Code §401(a)(14).
- (9) The protections under Code §401(a)(19).

(b) **Adoption Agreement elections.** An Employer's election of provisions similar to requirements applicable to plans covered under Title I of ERISA or to otherwise inapplicable qualification requirements under Code §401(a) will not affect the Plan's status as a Governmental Plan under Section 1.53. Provided the Employer is qualified to maintain a Governmental Plan, the Plan remains exempt from ERISA and certain Code requirements as a Governmental Plan.

4.02 **Plan of Indian Tribal Government Treated as Governmental Plan.** A Plan established and maintained by:

- (a) an Indian Tribal Government, as defined in Code §7701(a)(40),
- (b) a subdivision of an Indian Tribal Government, determined in accordance with Code §7871(d), or
- (c) an agency or instrumentality of either subsection (a) or (b)

is treated as a Governmental Plan, provided the conditions in this Section 4.02 are satisfied.

To qualify as a Governmental Plan, the Plan must cover only Employees substantially all of whose services are in the performance of essential government functions, but not in the performance of commercial activities (whether or not essential government functions). The interpretation of these conditions, including the meaning of essential government function and commercial activities, is determined under applicable regulations. Provided the requirements of this Sections 4.02 are satisfied, the Plan may include a cash or deferred arrangement as provided under Code §401(k).

4.03 **FICA Replacement Plan.** An Employee who satisfies the requirements as a Qualified Participant under subsection (b) will be exempt from FICA tax as provided under Code §3121(b)(7)(F) if the requirements under this Section 4.03 are satisfied. The Plan may be identified as a FICA Replacement Plan under AA §2-3(c).

(a) **Minimum benefit requirement.** The Plan must provide a minimum retirement benefit as set forth under this subsection (a). For this purpose, the Plan satisfies the minimum retirement benefit requirement with respect to an Employee if allocations to the Employee's Account (without regard to any earnings allocated to the Employee's Account) are at least 7.5% of the Employee's Plan Compensation for service with the Employer. Matching Contributions by the Employer may be taken into account for this purpose.

- (1) **Definition of Plan Compensation.** The definition of Plan Compensation used in determining whether the minimum retirement benefit requirement under this subsection (a) is satisfied must be at least equal to the Employee's base pay, provided such designation is reasonable under all the facts and circumstances. Thus, the Employer may elect under AA §5-3 to exclude items such as overtime pay, bonuses, or fringe benefits. In addition, the Employer may elect under AA §5-3(1) to exclude any compensation in excess of the contribution base described in Code §3121(x) as of the beginning of the Plan Year.
 - (2) **Reasonable rate of earnings.** An Employee's Account must be credited with a reasonable rate of earnings. This requirement is satisfied if Employees' Accounts are held in a separate trust that is subject to general fiduciary standards and are credited with actual earnings under the Plan.
 - (3) **Employee Contributions.** Contributions from both the Employer and Employee may be used to make up the 7.5% allocation requirement under subsection (a). If the Plan only provides for Employee Contributions, the Plan will satisfy the minimum benefit requirement under subsection (a) if the total Employee Contributions are at least 7.5% of Plan Compensation.
- (b) **Qualified Participant.** An Employee is a Qualified Participant under the Plan with respect to the services performed on a given day if, on that day, the Employee has satisfied all conditions (other than vesting) for receiving an allocation under the Plan that meets the minimum retirement benefit requirement under subsection (a). An Employee will be a Qualified Participant on any day with respect to compensation earned during a period ending on that day and beginning on or after the beginning of the Plan Year, regardless of whether the allocations were made or accrued before the effective date of Code §3121(b)(7)(F).
- (1) **Part-Time, Seasonal and Temporary Employees.** A Part-Time, Seasonal, or Temporary Employee is not a Qualified Participant on a given day unless any benefit relied upon to meet the minimum benefit requirement under subsection (a) is 100% vested. A Part-Time, Seasonal or Temporary Employee's benefit is considered 100% vested on a given day if on that day the Employee is unconditionally entitled to a single-sum distribution on account of death or separation from service of an amount that is at least equal to 7.5% of Plan Compensation for all periods of service taken into account in determining whether the Employee's benefit meets the minimum retirement benefit requirement under subsection (a).
 - (2) **Alternative lookback rule.** The Employer may elect to apply the alternative lookback rule described in Treas. Reg. §31.3121(b)(7)-2(d)(3) in determining whether an Employee is a Qualified Participant. Under the alternative lookback rule, an Employee may be treated as a Qualified Participant throughout a calendar year if the Employee is a Qualified Participant at the end of the Plan Year ending in the previous calendar year. For this purpose, if the alternative lookback rule is used, an Employee may be treated as a Qualified Participant on any given day during the first Plan Year of participation if it is reasonable on such day to believe that the Employee will be a Qualified Participant on the last day of such Plan Year.
- (c) **Special rule for short period.** An Employee may not be treated as a Qualified Participant if Plan Compensation for less than a full plan year or other 12-month period is regularly taken into account in determining allocations to the Employee's Account for the Plan Year unless, under all of the facts and circumstances, such arrangement is not a device to avoid the imposition of FICA taxes. For example, an arrangement under which Plan Compensation taken into account under AA §5-3 is limited to the contribution base described in section 3121(x)(1) is not considered a device to avoid FICA taxes by reason of such limitation.

SECTION 5
LIMITS ON CONTRIBUTIONS

5.01 Limits on Employer Contributions. Any contributions the Employer makes under the Plan are subject to the limitations set forth in this Section 5.

- (a) **Limitation on total Employer Contributions.** All Employer Contributions the Employer makes under the Plan are subject to the Code §415 Limitation, as described in Section 5.02 below. For purposes of applying the Code §415 Limitation, Employer Contributions include any Employer Contributions, Matching Contributions, or Salary Deferrals made under the Plan. See the definition of Annual Additions under Section 5.02(c)(1) below.
- (b) **Limitation on Salary Deferrals.** If the Employer adopts the Grandfathered 401(k) Arrangement, any Salary Deferrals made under the Plan are subject to the Elective Deferral Dollar Limit, as described in Section 5.03 below.

5.02 Code §415 Limitation.

- (a) **No other plan participation.** If the Participant does not participate in, and has never participated in another qualified retirement plan, a welfare benefit fund (as defined under Code §419(e)), an individual medical account (as defined under Code §415(l)(2)), or a SEP (as defined under Code §408(k)) maintained by the Employer which provides an Annual Addition as defined in subsection (c)(1), then the amount of Annual Additions which may be credited to the Participant's Account for any Limitation Year will not exceed the lesser of the Maximum Permissible Amount or any other limitation contained in this Plan.

If an Employer Contribution that would otherwise be contributed or allocated to a Participant's Account will cause that Participant's Annual Additions for the Limitation Year to exceed the Maximum Permissible Amount, the amount to be contributed or allocated to such Participant will be reduced so that the Annual Additions allocated to such Participant's Account for the Limitation Year will equal the Maximum Permissible Amount. However, if a contribution or allocation is made to a Participant's Account in an amount that exceeds the Maximum Permissible Amount, such excess Annual Additions may be corrected pursuant to the correction procedures outlined under the IRS' Employee Plans Compliance Resolution System (EPCRS) as set forth in Rev. Proc. 2013-12.

- (b) **Participation in another plan.** This subsection (b) applies if, in addition to this Plan, the Participant receives an Annual Addition during any Limitation Year from another Defined Contribution Plan, a welfare benefit fund (as defined under Code §419(e)), an individual medical account (as defined under Code §415(l)(2)), or a SEP (as defined under Code §408(k)) maintained by the Employer.
 - (1) **This Plan's Code §415 Limitation.** The Annual Additions that may be credited to a Participant's Account under this Plan for any Limitation Year will not exceed the Maximum Permissible Amount (defined in subsection (c)(6) below) reduced by the Annual Additions credited to a Participant's Account under any other Defined Contribution Plan, welfare benefit fund, individual medical account, or SEP maintained by the Employer for the same Limitation Year.
 - (2) **Annual Additions reduction.** If the Annual Additions with respect to the Participant under any other Defined Contribution Plan, welfare benefit fund, individual medical account, or SEP maintained by the Employer are less than the Maximum Permissible Amount and the Annual Additions that would otherwise be contributed or allocated to the Participant's Account under this Plan would exceed the Code §415 Limitation for the Limitation Year, the amount contributed or allocated will be reduced so that the Annual Additions under all such Plans and funds for the Limitation Year will equal the Maximum Permissible Amount. However, if a contribution or allocation is made to a Participant's Account in an amount that exceeds the Maximum Permissible Amount, such excess Annual Additions may be corrected pursuant to the correction procedures outlined under the IRS' Employee Plans Compliance Resolution System (EPCRS) as set forth in Rev. Proc. 2013-12.
 - (3) **No Annual Additions permitted.** If the Annual Additions with respect to the Participant under such other Defined Contribution Plan(s), welfare benefit fund(s), individual medical account(s), or SEP(s) in the aggregate are equal to or greater than the Maximum Permissible Amount, no amount will be contributed or allocated to the Participant's Account under this Plan for the Limitation Year. However, if a contribution or allocation is made to a Participant's Account in an amount that exceeds the Maximum Permissible Amount, such excess Annual Additions may be corrected pursuant to the correction procedures outlined under the IRS' Employee Plans Compliance Resolution System (EPCRS) as set forth in Rev. Proc. 2013-12.

(c) **Definitions.**

- (1) **Annual Additions.** The amounts credited to a Participant's Account for the Limitation Year that are taken into account in applying the Code §415 Limitation, including:
- (i) Employer Contributions, including Matching Contributions and Salary Deferrals;
 - (ii) After-Tax Employee Contributions;
 - (iii) Forfeitures;
 - (iv) Amounts allocated to an individual medical account (as defined in Code §415(l)(2)), which is part of a pension or annuity plan maintained by the Employer;
 - (v) Amounts derived from contributions paid or accrued which are attributable to post-retirement medical benefits allocated to the separate account of a key employee (as defined in Code §419A(d)(3)) under a welfare benefit fund (as defined in Code §419(e)) maintained by the Employer ; and
 - (vi) Allocations under a SEP (as defined in Code §408(k)).

An Annual Addition is credited to a Participant's Account for a particular Limitation Year if such amount is allocated to the Participant's Account as of any date within that Limitation Year. An Annual Addition will not be deemed credited to a Participant's Account for a particular Limitation Year unless such amount is actually contributed to the Plan no later than 30 days after the time prescribed by law for filing the Employer's income tax return (including extensions) for the taxable year with or within which the Limitation Year ends. In the case of After-Tax Employee Contributions, such amount shall not be deemed credited to a Participant's Account for a particular Limitation Year unless the contributions are actually contributed to the Plan no later than 30 days after the close of that Limitation Year.

- (2) **Defined Contribution Dollar Limitation.** \$40,000, as adjusted under Code §415(d).
- (3) **Employer.** For purposes of this Section 5.02, Employer shall mean the Employer that adopts this Plan, and all members of a controlled group of corporations (as defined in §414(b) of the Code as modified by §415(h)), all commonly controlled trades or businesses (as defined in §414(c) of the Code as modified by §415(h)) or affiliated service groups (as defined in §414(m)) of which the adopting Employer is a part, and any other entity required to be aggregated with the Employer pursuant to regulations under §414(o) of the Code.
- (4) **Excess Amount.** The excess of the Participant's Annual Additions for the Limitation Year over the Maximum Permissible Amount.
- (5) **Limitation Year.** The Plan Year, unless the Employer elects another 12-consecutive month period under AA §11-2(a). If the Limitation Year is amended to a different 12-consecutive month period, the new Limitation Year must begin on a date within the Limitation Year in which the amendment is made. If the Plan has an initial Plan Year that is less than 12 months, the Limitation Year for such first Plan Year is the 12-month period ending on the last day of that Plan Year, unless otherwise specified in AA §11-2(a).

If an Employer has multiple Limitation Years (e.g., due to the maintenance of multiple Defined Contribution Plans by a group of Related Employers), and a Participant is credited with Annual Additions in only one Defined Contribution Plan, the Code §415 Limitation is applied only with respect to that Plan. If a Participant is credited with Annual Additions in more than one Defined Contribution Plan, each such Plan satisfies the Code §415 Limitation based on Annual Additions for the Limitation Year with respect to such plan, plus any amounts credited to the Participant's Account under all other plans required to be aggregated pursuant to Code §415(f).

- (6) **Maximum Permissible Amount.** For Limitation Years beginning on or after January 1, 2002, the maximum Annual Additions that may be contributed or allocated to a Participant's Account under the Plan for any Limitation Year shall not exceed the lesser of:
- (i) the Defined Contribution Dollar Limitation, or
 - (ii) 100 percent of the Participant's Total Compensation for the Limitation Year.

The Total Compensation limitation referred to in (ii) shall not apply to any contribution for medical benefits (within the meaning of Code §401(h) or §419A(f)(2)) which is otherwise treated as an Annual Addition.

If a short Limitation Year is created because of an amendment changing the Limitation Year to a different 12-consecutive month period, the Maximum Permissible Amount will not exceed the Defined Contribution Dollar Limitation multiplied by the following fraction:

$$\frac{\text{Number of months in the short Limitation Year}}{12}$$

If a short Limitation Year is created because the Plan has an *initial* Plan Year that is less than 12 months, no proration of the Defined Contribution Dollar Limitation is required, unless provided otherwise under AA §11-2(d). (See subsection (5) above for the rule allowing the use of a full 12-month Limitation Year for the first year of the Plan, thereby avoiding the need to prorate the Defined Contribution Dollar Limitation.)

- (7) **Total Compensation.** The amount of compensation as defined under Section 1.89, subject to the Employer’s election under AA §5-2.
- (i) **Self-Employed Individuals.** For a Self-Employed Individual, Total Compensation is such individual’s Earned Income.
- (ii) **Total Compensation actually paid or made available.** For purposes of applying the limitations of this Section 5.02, Total Compensation for a Limitation Year is the Total Compensation actually paid or made available to an Employee during such Limitation Year. However, if elected in AA §5-4(c), the Employer may include in Total Compensation for a Limitation Year amounts earned but not paid in the Limitation Year because of the timing of pay periods and pay days, but only if:
- (A) the amounts are paid during the first few weeks of the next Limitation Year,
- (B) such amounts are included on a uniform and consistent basis with respect to all similarly-situated employees, and
- (C) no amounts are included in Total Compensation in more than one Limitation Year.
- (iii) **Disabled Participants.** Total Compensation does not include any imputed compensation for the period a Participant is Disabled. However, the Employer may elect under AA §11-2(b) to include under the definition of Total Compensation, the amount a terminated Participant who is permanently and totally Disabled (as defined in Section 1.28) would have received for the Limitation Year if the Participant had been paid at the rate of Total Compensation paid immediately before becoming permanently and totally Disabled. If the Employer elects under AA §11-2(b) to include imputed compensation for a Disabled Participant, a Disabled Participant will receive an allocation of any Employer Contribution the Employer makes to the Plan based on the Employee’s imputed compensation for the Plan Year. Any Employer Contributions made to a Disabled Participant under this subsection (iii) are fully vested when made and will be made only to Non-Highly Compensated Employees. Any modifications made to the definition of Disabled (under AA §9-4(b)) will not apply to this section.
- (d) **Restorative payments.** Restorative payments are not considered Annual Additions for any Limitation Year. For this purpose, restorative payments are payments made to restore losses to the Plan resulting from actions (or a failure to act) by a fiduciary for which there is a reasonable risk of liability under applicable federal or state law, where Participants who are similarly situated are treated similarly with respect to the payments.
- (e) **Corrective provisions.** The Plan is amended to eliminate any specific correction methods for correcting excess annual additions. If the Plan is eligible for self-correction under Rev. Proc. 2013-12 (or successive guidance), the Employer may use reasonable correction methods (including the correction methods described in § 1.415-6(b)(6) of the 1981 IRS regulations) to the extent permitted under the IRS correction program.
- (f) **Change of Limitation Year.** Where there is a change of Limitation Year, a “short” Limitation Year exists for the period beginning with the first day of the Limitation Year and ending on the day before the change in Limitation Year is effective. For this purpose, if the Plan is terminated effective as of a date other than the last day of the Limitation Year, the Plan is treated as if it were amended to change its Limitation Year.

5.03 Elective Deferral Dollar Limit. The Elective Deferral Dollar Limit under this Section 5.03 applies with respect to Salary Deferrals under the Grandfathered 401(k) Arrangement. Under this Elective Deferral Dollar Limit, an Employee may not make Elective Deferrals under this Plan (and any other plan, contract or arrangement maintained by the Employer) during any calendar year in an amount that exceeds the Elective Deferral Dollar Limit in effect for the Participant’s taxable year beginning

in such calendar year. Additional restrictions apply if a Participant participates in a plan maintained by an unrelated employer. (See subsection (b)(6) below.)

The Elective Deferral Dollar Limit is \$17,500 for taxable years beginning in 2013 and 2014. For taxable years beginning after 2014, the Elective Deferral Dollar Limit will be adjusted for cost-of-living increases under Code §402(g)(4). Any such adjustments will be in multiples of \$500.

If a Participant is aged 50 or over by the end of the taxable year, the Elective Deferral Dollar Limit is increased by the Catch-Up Contribution Limit (as defined in Section 3.02(c)(2)(iv)(A)). If the Plan does not provide for Catch-up Contributions, the Elective Deferral Dollar Limit is not increased by the Catch-Up Contribution Limit.

- (a) **Excess Deferrals.** Excess Deferrals are Elective Deferrals made during the Participant's taxable year that exceed the Elective Deferral Dollar Limit (as described above) for such year; counting only Elective Deferrals made under this Plan and any other plan, contract or arrangement maintained by the Employer. (See subsection (b)(6) below for provisions that apply when a Participant makes Elective Deferrals to a plan of an unrelated Employer.)
- (b) **Correction of Excess Deferrals.** If a Participant makes Excess Deferrals (i.e., Elective Deferrals in excess of the Elective Deferral Dollar Limit) under this Plan and any other plan maintained by the Employer, such Excess Deferrals (plus allocable income or loss) shall be distributed to the Participant. A distribution of Excess Deferrals may be made at any time (subject to the correction provisions under the IRS voluntary correction program as described in Rev. Proc. 2013-12 or subsequent guidance). If the corrective distribution of Excess Deferrals is made by April 15 of the calendar year following the year the Excess Deferrals are made to the Plan, such amounts will be taxable in the year of deferral but not in the year of distribution. If a corrective distribution of Excess Deferrals is made after April 15 of the following calendar year, such amounts will be taxable in both the year of deferral and the year of distribution. See subsection (3) below.
 - (1) **Amount of corrective distribution.** The amount to be distributed from this Plan as a correction of Excess Deferrals equals the amount of Elective Deferrals the Participant contributes during the taxable year to this Plan and any other plan maintained by the Employer in excess of the Elective Deferral Dollar Limit, reduced by any corrective distribution of Excess Deferrals the Participant receives during the calendar year from this Plan or other plan(s) maintained by the Employer. If a Participant has both a Pre Tax-Deferral Account and a Roth Deferral Account, the Participant may designate the extent to which the corrective distribution of Excess Deferrals is taken from the Pre-Tax Deferral Account or from the Roth Deferral Account under AA §6A-5. If a Participant does not designate the Account(s) from which the distribution will be made, the corrective distribution will be made first from the Participant's Pre-Tax Deferral Account.
 - (2) **Allocable gain or loss.** A corrective distribution of Excess Deferrals must include any allocable gain or loss for the taxable year in which the Excess Deferrals are contributed to the Plan. The gain or loss allocable to Excess Deferrals may be determined in any reasonable manner, provided the manner used to determine allocable gain or loss is applied consistently for all Participants and in a manner that is reasonably reflective of the method used by the Plan for allocating income to Participants' Accounts. A corrective distribution of Excess Deferrals will not include any income or loss allocable to the period between the end of the taxable year and the date of distribution.
 - (3) **Taxation of corrective distribution.** If a corrective distribution of Excess Deferrals is made by April 15 of the following calendar year, amounts attributable to the Excess Deferrals will be includible in the Participant's gross income in the taxable year in which such amounts are deferred under the Plan and amounts attributable to income or loss on the Excess Deferrals will be includible in gross income in the year of distribution. However, a corrective distribution of Excess Deferrals will not be included in gross income to the extent such distribution is comprised of Roth Deferrals. A Roth Deferral is treated as an Excess Deferral only to the extent that the total amount of Roth Deferrals for an individual exceeds the applicable limit for the taxable year or the Roth Deferrals are identified as Excess Deferrals and the individual receives a distribution of the Excess Deferrals and allocable income under this paragraph.

If a corrective distribution of Excess Deferrals is made after April 15, the amount of the corrective distribution attributable to Excess Deferrals will be includible in the Participant's gross income in both the taxable year in which such amounts are deferred under the Plan and the taxable year in which such amounts are distributed. (See Section 7.11(b)(2) for a discussion of the ordering rules for determining the Accounts from which the corrective distribution is made where a Participant has both a Pre-Tax Deferral Account and a Roth Deferral Account.)

If a corrective distribution of Excess Deferrals made after April 15 of the following calendar year apply to Excess Deferrals that are Roth Deferrals, such amounts are includible in gross income (without adjustment for

any return of investment in the contract under Code §72(e)(8)). In addition, such distribution cannot be a “qualified distribution” as described in Code §402A(d)(2) and is not an Eligible Rollover Distributions (within the meaning of Code §402(c)(4)). For this purpose, if a Roth Deferral account includes any Excess Deferrals, any distributions from the Roth Deferral account are treated as attributable to those Excess Deferrals until the total amount distributed from the Roth Deferral account equals the total of such Excess Deferrals and attributable income.

- (4) **Coordination with other provisions.** A corrective distribution of Excess Deferrals made by April 15 of the following calendar year may be made without consent of the Participant or the Participant’s Spouse, and without regard to any distribution restrictions applicable under Section 7. A corrective distribution of Excess Deferrals made by the appropriate April 15 also is not treated as a distribution for purposes of applying the required minimum distribution rules under Section 8.
- (5) **Suspension of Salary Deferrals.** If a Participant’s Salary Deferrals under this Plan, in combination with any Elective Deferrals the Participant makes during the calendar year under any other plan maintained by the Employer, equal or exceed the Elective Deferral Dollar Limit, the Employer may suspend the Participant’s Salary Deferrals under this Plan for the remainder of the calendar year without the Participant’s consent.
- (6) **Correction of Excess Deferrals under plans not maintained by the Employer.** The correction provisions under this subsection (b) apply only if a Participant makes Excess Deferrals under this Plan (or under this Plan and other plans maintained by the Employer). However, if a Participant has Excess Deferrals for a calendar year on account of making Elective Deferrals to a plan of an unrelated employer, the Participant may assign to this Plan any portion of his/her Elective Deferrals made under all plans during the calendar year to the extent such Elective Deferrals exceed the Elective Deferral Dollar Limit. The Participant must notify the Plan Administrator in writing on or before March 1 of the following calendar year of the amount of the Excess Deferrals to be assigned to this Plan. If any Roth Deferrals were made to a plan, the notification must also identify the extent to which, if any, the Excess Deferrals are comprised of Roth Deferrals.

Upon receipt of a timely notification, the Excess Deferrals assigned to this Plan will be distributed (along with any allocable income or loss) to the Participant in accordance with the corrective distribution provisions under this subsection (b). A Participant is deemed to notify the Plan Administrator of Excess Deferrals (including any portion of Excess Deferrals that are comprised of Roth Deferrals) to the extent such Excess Deferrals arise only under this Plan and any other plan maintained by the Employer.

SECTION 6
PARTICIPANT VESTING AND FORFEITURES

- 6.01 Vesting of Contributions.** A Participant’s vested interest in his/her Employer Contribution Account and Matching Contribution Account is determined based on the vesting schedule elected in AA §8. A Participant is always fully vested in his/her Employer Pick-Up Contribution Account, Salary Deferral Account, After-Tax Employee Contribution Account, and Rollover Contribution Account.
- 6.02 Vesting Schedules.** A Participant’s vested interest in his/her Employer Contribution Account and/or Matching Contribution Account is determined by multiplying the Participant’s vesting percentage (determined under the applicable vesting schedule selected in AA §8) by the total amount under the applicable Account.
- (a) **Full and immediate vesting schedule.** Under the full and immediate vesting schedule, the Participant is always 100% vested in his/her Account Balance.
- (b) **6-year graded vesting schedule.** Under the 6-year graded vesting schedule, an Employee vests in his/her Employer Contribution Account and/or Matching Contribution Account in the following manner:
- After 2 Years of Service – 20% vesting
After 3 Years of Service – 40% vesting
After 4 Years of Service – 60% vesting
After 5 Years of Service – 80% vesting
After 6 Years of Service – 100% vesting
- (c) **3-year cliff vesting schedule.** Under the 3-year cliff vesting schedule, an Employee is 100% vested after 3 Years of Service. Prior to the third Year of Service, the vesting percentage is zero.
- (d) **Modified vesting schedule.** Under the modified vesting schedule, the Employer may designate the vesting percentage that applies for each Year of Service.
- 6.03 Special vesting rules.**
- (a) **Normal Retirement Age.** Unless designated otherwise under AA §8-2(b), regardless of the Plan’s vesting schedule, an Employee’s right to his/her Account Balance is fully vested upon the date he/she attains Normal Retirement Age (as defined in AA §7-1), provided the Employee is still employed at such time.
- (b) **100% vesting upon death, disability, or Early Retirement Age.** The Employer may elect under AA §8-4 to allow a Participant’s vesting percentage to automatically increase to 100% if the Participant dies, becomes Disabled, and/or attains Early Retirement Age while employed by the Employer.
- (c) **Vesting upon merger, consolidation or transfer.** No accelerated vesting will be required solely because a Defined Contribution Plan is merged with another Defined Contribution Plan, or because assets are transferred from a Defined Contribution Plan to another Defined Contribution Plan.
- (d) **Vesting schedules applicable to prior contributions.** If the Plan holds Employer Contributions and/or Matching Contributions that are subject to vesting, but the Plan no longer provides for such contributions, the Plan will continue to apply the vesting schedule applicable to those contributions as determined under the prior Plan document. See Section 6.11(e) for the rules applicable to forfeitures of such prior contributions. The Employer may document any prior vesting schedule in AA §A-7.
- 6.04 Year of Service.** An Employee’s position on the vesting schedule is dependent on the Employee’s Years of Service with the Employer. Generally, an Employee will earn a vesting Year of Service for each Vesting Computation Period (as defined in Section 6.05) during which the Employee completes at least 1,000 Hours of Service (or the Hours of Service designated under AA §8-5(a)). Alternatively, the Employer may elect to calculate Years of Service using the Elapsed Time method (as defined in subsection (b) below).
- (a) **Hours of Service.** Unless the Employer elects to use the Elapsed Time method under AA §8-5(c), vesting Years of Service will be determined based on an Employee’s Hours of Service earned during the Vesting Computation Period.
- (1) **Actual Hours of Service.** In determining an Employee’s vesting Years of Service, the Employer will credit an Employee with the actual Hours of Service earned during the Vesting Computation Period, unless the Employer elects under AA §8-5(d) to determine Hours of Service using the Equivalency Method.

- (2) **Equivalency Method.** Instead of counting actual Hours of Service in applying the Plan’s vesting schedules, the Employer may elect under AA §8-5(d) to determine Hours of Service based on the Equivalency Method. Under the Equivalency Method, an Employee receives credit for a specified number of Hours of Service based on the period worked with the Employer.
- (i) **Monthly.** Under the monthly Equivalency Method, an Employee is credited with 190 Hours of Service for each calendar month during which the Employee completes at least one Hour of Service with the Employer.
 - (ii) **Daily.** Under the daily Equivalency Method, an Employee is credited with 10 Hours of Service for each day during which the Employee completes at least one Hour of Service with the Employer.
 - (iii) **Weekly.** Under the weekly Equivalency Method, an Employee is credited with 45 Hours of Service for each week during which the Employee completes at least one Hour of Service with the Employer.
 - (iv) **Semi-monthly.** Under the semi-monthly Equivalency Method, an Employee is credited with 95 Hours of Service for each semi-monthly period during which the Employee completes at least one Hour of Service with the Employer.
- (3) **Employee need not be employed for entire Vesting Computation Period.** Unless provided otherwise under AA §8-5(e), if an Employee completes the required Hours of Service during a Vesting Computation Period, the Employee will receive credit for a Year of Service as of the end of such Vesting Computation Period, even if the Employee is not employed for the entire Vesting Computation Period.
- (b) **Elapsed Time method.** Instead of using Hours of Service in applying the Plan’s vesting schedules, the Employer may elect under AA §8-5(c) to apply the Elapsed Time method for calculating an Employee’s vesting service with the Employer. Under the Elapsed Time method, an Employee receives credit for the aggregate period of time worked for the Employer commencing with the Employee’s first day of employment (or reemployment, if applicable) and ending on the date the Employee terminates employment with the Employer. If an Employee’s aggregate period of service includes fractional years, such fractional years are expressed in terms of days.

In calculating an Employee’s aggregate period of service, the Employer may credit an Employee with service for any Period of Severance that lasts less than 12 consecutive months. For this purpose, a Period of Severance is any continuous period of time during which the Employee is not employed by the Employer. A Period of Severance begins on the date the Employee retires, quits or is discharged, or if earlier, the 12-month anniversary of the date on which the Employee is first absent from service for a reason other than retirement, quit or discharge. In the case of an Employee who is absent from work for maternity or paternity reasons, the 12-consecutive month period beginning on the first anniversary of the first date of such absence shall not constitute a Period of Severance. For purposes of this paragraph, an absence from work for maternity or paternity reasons means an absence:

- (1) by reason of the pregnancy of the Employee,
- (2) by reason of the birth of a child of the Employee,
- (3) by reason of the placement of a child with the Employee in connection with the adoption of such child by the Employee, or
- (4) for purposes of caring for a child of the Employee for a period beginning immediately following the birth or placement of such child.

For purposes of applying the Elapsed Time method, unless otherwise provided, service will be credited for employment with any Related Employer.

6.05 Vesting Computation Period. Generally, the Vesting Computation Period is the Plan Year. Alternatively, the Employer may elect under AA §8-5(b) to use the 12-month period commencing on the Employee’s date of hire (or reemployment date, if applicable) and each subsequent 12-month period commencing on the anniversary of such date or the Employer may elect to use any other 12-consecutive month period as the Vesting Computation Period.

6.06 Excluded service. Generally, all service with the Employer counts for purposes of applying the Plan’s vesting schedules. However, the Employer may elect under AA §8-3 to exclude certain service with the Employer in calculating an Employee’s vesting Years of Service.

- (a) **Service before the Effective Date of the Plan.** The Employer may elect under AA §8-3(b) to exclude service earned during any period prior to the date the Employer established the Plan or a Predecessor Plan. For this purpose, a Predecessor Plan is a qualified plan maintained by the Employer that is terminated within the 5-year period immediately preceding or following the establishment of this Plan. A Participant's service under a Predecessor Plan must be counted for purposes of determining the Participant's vested percentage under this Plan.
- (b) **Service before a specified age.** The Employer may elect under AA §8-3(c) to exclude service before an Employee attains a specified age. An Employee will be credited with a Year of Service for the Vesting Computation Period during which the Employee attains the required age, provided the Employee satisfies all other conditions required for a Year of Service.

6.07 Service with Predecessor Employers. To the extent provided, if the Employer maintains the plan of a Predecessor Employer, any service with such Predecessor Employer is treated as service with the Employer for purposes of applying the provisions of this Plan.

6.08 Break in Service Rules. In addition to any service excluded under Section 6.06, the Employer may elect under AA §8-6 to disregard an Employee's vesting service with the Employer earned prior to a Break in Service. For this purpose, an Employee incurs a Break in Service for any Vesting Computation Period (as defined in Section 6.05) during which the Employee does not complete more than five hundred (500) Hours of Service with the Employer. However, if the Employer elects to require less than 1,000 Hours of Service to earn a vesting Year of Service, a Break in Service will occur for any Vesting Computation Period during which the Employee does not complete more than one-half (1/2) of the Hours of Service required to earn a vesting Year of Service.

6.09 Special Vesting Rule - In-Service Distribution When Account Balance is Less than 100% Vested. If amounts are distributed from a Participant's Employer Contribution Account or Matching Contribution Account at a time when the Participant's vested percentage in such amounts is less than 100% and the Participant may increase the vested percentage in the Account Balance:

- (a) A separate Account will be established for the Participant's interest in the Plan as of the time of the distribution, and
- (b) At any relevant time the Participant's vested portion of the separate Account will be equal to an amount ("X") determined by the formula:

$$X = P (AB + D) - D$$

Where:

P is the vested percentage at the relevant time;

AB is the Account Balance at the relevant time; and

D is the amount of the distribution.

6.10 Forfeiture of Benefits. A Participant will forfeit the nonvested portion of his/her Employer Contribution and/or Matching Contribution Account upon the occurrence of any of the events described below or at any such time as the Plan Administrator determines. The Plan Administrator has the responsibility to determine the amount of a Participant's forfeiture. Until an amount is forfeited pursuant to this Section 6.10, a Participant's entire Account must remain in the Plan and continue to share in gains and losses of the Trust. A Participant will not forfeit any of his/her nonvested Account until the occurrence of one of the following events.

- (a) **Cash-Out Distribution.** Following termination of employment, a Participant may receive a total distribution of his/her vested benefit under the Plan (a Cash-Out Distribution) in accordance with the distribution provisions under Section 7. If a Participant receives a Cash-Out Distribution upon termination of employment, the Participant's nonvested benefit under the Plan will be forfeited in accordance with subsection (1) below. If at the time of termination, a Participant is totally nonvested in his/her entire Account Balance, the Participant will be deemed to receive a total Cash-Out Distribution of his/her entire vested Account Balance (i.e., a deemed Cash-Out Distribution of zero dollars) as of the date of termination, subject to the forfeiture provisions under subsection (1) below.

A Cash-Out Distribution does not occur until such time as the Participant receives a distribution of his/her entire vested Account Balance, including amounts attributable to Salary Deferrals. If a Participant receives a distribution of less than the entire vested portion of his/her Account Balance (including any additional amounts to be allocated under subsection (1)(ii) below), the Participant will not be treated as receiving a Cash-Out Distribution until such time as the Participant receives a distribution of the remainder of the vested portion of his/her Account Balance.

- (1) **Timing of forfeiture.** Unless elected otherwise under AA §8-8(b), if a Participant receives a Cash-Out Distribution of his/her vested Account Balance (as defined in subsection (a) above), the Participant will immediately forfeit the nonvested portion of such Account Balance, as of the date of the distribution or deemed distribution (as determined under subsection (i) or (ii) below, whichever applies). (See Section 6.11 below for a discussion of the treatment of forfeitures under the Plan.)
- (i) **No further allocations.** For purposes of applying the Cash-Out Distribution rules, a terminated Participant who receives a total distribution of his/her vested Account Balance will be treated as receiving the Cash-Out Distribution as of the date the Participant receives such distribution (or in the case of a deemed Cash-Out Distribution (as described in subsection (a) above) as of the date the Participant terminates employment), provided the Participant is not entitled to any further allocations under the Plan for the Plan Year in which the Participant terminates employment. The Participant will forfeit his/her nonvested benefit as of the date the Participant receives the Cash-Out Distribution, in accordance with the provisions under Section 6.11.
- (ii) **Additional allocations.** For purposes of applying the Cash-Out Distribution rules, if upon termination of employment, a Participant is entitled to an additional allocation for the Plan Year in which the Participant terminates, such Participant will not be deemed to receive a Cash-Out Distribution until such time as the Participant receives a distribution of his/her entire vested Account Balance, including any amounts that are still to be allocated under the Plan. Thus, a terminated Participant who is entitled to an additional allocation (e.g., an additional Employer Contribution) for the Plan Year of termination will not be deemed to have a total Cash-Out Distribution until the Participant receives a distribution of such additional amounts. In the case of a deemed Cash-Out Distribution (as described in subsection (a) above), if the Participant is entitled to an additional allocation under the Plan for the Plan Year in which the Participant terminates employment, the deemed Cash-Out Distribution is deemed to occur on the first day of the Plan Year following the Plan Year in which the termination occurs, provided the Participant is still totally nonvested in his/her Account Balance.
- (iii) **Modification of Cash-Out Distribution rules.** The Employer may elect under AA §8-8(a) to modify the Cash-Out Distribution provision under subsection (ii) above to provide that the Cash-Out Distribution and related forfeiture occur immediately upon distribution (or deemed distribution) of the terminated Participant's vested Account Balance, without regard to whether the Participant is entitled to an additional allocation under the Plan.
- (b) **Five-Year Forfeiture Break in Service.** If a Participant has five (5) consecutive one-year Breaks in Service (a Five-Year Forfeiture Break in Service), all Years of Service after such Breaks in Service will be disregarded for the purpose of vesting in the portion of the Participant's Employer Contribution Account and/or Matching Contribution Account that accrued before such Breaks in Service. A Participant who incurs a Five-Year Forfeiture Break in Service will forfeit the nonvested portion of his/her Employer Contribution and/or Matching Contribution Account as of the end of the Vesting Computation Period in which the Participant incurs the fifth consecutive Break in Service. Except as provided under Section 6.08, a Participant who is rehired after incurring a Five-Year Forfeiture Break in Service will be credited with both pre-break and post-break service for purposes of determining his/her vested percentage in amounts that accrue under the Plan after the Five Year Forfeiture Break in Service.
- (c) **Missing Participant or Beneficiary.** If a Participant or Beneficiary cannot be located within a reasonable period following a reasonable diligent search, the missing Participant's or Beneficiary's Account may be forfeited, as provided in subsection (2) below. An Employer will be deemed to have performed a reasonable diligent search if it performs the actions described in subsection (1) below. In determining whether a reasonable period has elapsed following a reasonable diligent search, the Employer or Plan Administrator may follow any applicable guidance provided under statute, regulation, or other IRS or DOL guidance of general applicability. However, the Employer or Plan Administrator will be deemed to have waited a reasonable period following a reasonable diligent search if the Employer or Plan Administrator waits at least 6 months following the completion of the actions described in subsection (1) below.
- (1) **Reasonable diligent search.** The Employer or Plan Administrator will be deemed to have performed a reasonable diligent search if it performs the following actions:
- (i) Send a certified letter to the Participant's or Beneficiary's last known address.
- (ii) Check related plan records of the Employer (e.g., health plan records) to determine if a more current address exists for the Participant or Beneficiary.

- (iii) If the Participant cannot be located, the Employer or Plan Administrator may attempt to identify and contact any individual that the Participant has designated as a Beneficiary under the Plan for updated information concerning the location of the missing Participant.
 - (iv) Utilize the Social Security Administration (SSA) letter-forwarding service for locating lost participants. Additional information regarding the SSA letter forwarding program can be located at www.ssa.gov.)
 - (v) In addition to the search methods discussed above, the Employer or Plan Administrator may use other search methods, including the use of Internet search tools, commercial locator services, and credit reporting agencies to locate the missing Participant.
- (2) **Forfeiture of Account of missing Participant or Beneficiary.** If a Participant or Beneficiary is deemed to be missing (as described in this subsection (c)), the Plan Administrator may forfeit the distributable amount attributable to such missing Participant or Beneficiary, as permitted under applicable laws and regulations. If, after an amount is forfeited under this subsection (2), the missing Participant or Beneficiary is located, the Plan will restore the forfeited amount (unadjusted for gains or losses) to such Participant or Beneficiary within a reasonable time. However, if a missing Participant or Beneficiary has not been located by the time the Plan terminates, the forfeiture of such Participant's or Beneficiary's distributable amount will be irrevocable.
- (3) **Expenses attributable to search for missing Participant.** Reasonable expenses attendant to locating a missing Participant may be charged to such Participant's Account, provided that the amount of such expenses is reasonable. The Plan Administrator may take into account the size of a Participant's Account in relation to the cost of the search when deciding how extensive a search is required before declaring such Participant as missing under subsection (c).
- (d) **Excess Deferrals.** If a Participant receives a distribution of Excess Deferrals, the portion of his/her Matching Contribution Account (whether vested or not) which is attributable to such distributed amounts will be forfeited. A forfeiture of Matching Contributions under this subsection (d) occurs in the Plan Year in which the Participant receives the distribution of Excess Deferrals.

6.11 Allocation of Forfeitures. The Employer may elect in AA §8-7 how it wishes to allocate forfeitures under the Plan. Forfeitures may be used in the Plan Year in which the forfeitures occur or in the Plan Year following the Plan Year in which the forfeitures occur. In applying the forfeiture provisions under the Plan, if there are any unused forfeitures as of the end of the Plan Year designated in AA §8-7(d) or (e), as applicable, any remaining forfeiture will be used (as designated in AA §8-7) in the immediately following Plan Year. The Employer may elect under AA §8-7 to allocate forfeitures in any manner permitted under this Section 6.11.

- (a) **Reallocation as additional contributions under Profit Sharing Plan Adoption Agreement.** The Employer may elect in AA §8-7 to reallocate forfeitures as additional contributions under the Plan. If the Employer elects under the Profit Sharing Plan Adoption Agreement to reallocate forfeitures as additional contributions, the Employer may allocate such amounts as additional Employer Contributions and/or additional Matching Contributions. If the forfeitures allocated under this subsection (a) relate to discretionary contributions, such amounts may be allocated in the same manner as selected under AA §6-3 with respect to the contribution type being allocated. If the forfeitures relate to fixed contributions, such amounts may be allocated in addition to such fixed contributions in the ratio that the Plan Compensation of each Participant bears to the Plan Compensation of all Participants. In allocating forfeitures under this subsection (a), the Employer may take into account any limits under AA §6B-4 in determining the amount of forfeitures to be allocated as additional Matching Contributions. In applying the provisions of this subsection (a), no allocation of forfeitures will be made to any Participant with respect to forfeitures that arise out of his/her own Account. A Participant may share in any additional forfeitures to the extent the Participant is eligible to receive an allocation of such forfeitures under AA §8-6.
- (b) **Reallocation as additional Employer Contributions under Money Purchase Plan Adoption Agreement.** The Employer may elect in AA §8-7 to reallocate forfeitures as additional Employer Contributions under the Plan. If the Employer elects under the Money Purchase Plan Adoption Agreement to reallocate forfeitures as additional Employer Contributions, such amounts will be allocated in the ratio that the Plan Compensation of each Participant bears to the Plan Compensation of all Participants. In applying the provisions of this subsection (b), no allocation of forfeitures will be made to any Participant with respect to forfeitures that arise out of his/her own Account.
- (c) **Reduction of contributions.** The Employer may elect in AA §8-7 to use forfeitures to reduce Employer Contributions and/or Matching Contributions under the Plan. If the Employer elects to use forfeitures to reduce contributions, the Employer may, in its discretion, use such forfeitures to reduce Employer Contributions, Matching Contributions, or both. The Employer may adjust its contribution deposits in any manner, provided the total Employer Contributions and/or Matching Contributions made for the Plan Year properly take into account the forfeitures that are to be used to

reduce such contributions for that Plan Year. If contributions are allocated over multiple allocation periods, the Employer may reduce its contribution for any allocation periods within the Plan Year in which the forfeitures are to be allocated so that the total amount allocated for the Plan Year is proper. If the Plan provides for a discretionary Employer or Matching Contribution and the Employer elects not to make an Employer or Matching Contribution for the Plan Year, any forfeitures will be allocated to eligible Participants as an additional Employer or Matching Contribution, as provided under subsection (a) above.

- (d) **Payment of Plan expenses.** The Employer may elect under AA §8-7 to use forfeitures to pay Plan expenses for the Plan Year in which the forfeitures would otherwise be applied. If any forfeitures remain after the payment of Plan expenses under this subsection, the remaining forfeitures will be allocated as selected under AA §8-7. This subsection (d) only applies to the extent Plan expenses are paid by the Plan. Nothing herein affects the ability of the Employer to pay Plan expenses, as authorized under Section 11.04(a). In determining the Plan expenses that may be offset by Plan forfeitures, the Employer may use any reasonable method to determine the Plan expenses attributable to a particular year. In addition, the Employer may elect to use forfeitures first to reduce Employer and/or Matching Contributions or as an additional allocation (as set forth in AA §8-7) prior to using forfeitures to pay Plan expenses.
- (e) **Forfeiture rules for other contribution types.**
- (1) **Prior Employer and/or Matching Contributions.** If the Plan maintains Employer Contribution and/or Matching Contribution Accounts, but the Plan no longer provides for such contributions, such amounts will continue to vest under the vesting schedule applicable to such contributions under the prior Plan or under any vesting schedule designated under Appendix A of the Adoption Agreement. If there are any forfeitures related to such prior contributions, such amounts may be reallocated as an additional Employer Contribution or as an additional Matching Contribution in accordance with the provisions of subsection (a) or (b), to the extent such contributions are authorized under the Plan, or may be used to reduce any Employer Contribution or Matching Contribution, consistent with the provisions of subsection (c) above. If the Plan does not provide for either Employer Contributions or Matching Contributions, the Employer may reallocate forfeitures of prior contributions as an Employer Contribution (using the pro rata allocation formula) or as a discretionary Matching Contribution under the Profit Sharing Plan Adoption Agreement, as applicable, or as a fixed contribution under the Money Purchase Plan Adoption Agreement. Alternatively, the Employer may use such forfeitures to pay Plan expenses as authorized under subsection (d). The Employer may elect to use such forfeitures in the Plan Year the forfeiture occurs or in the following Plan Year.
- (2) **Other contributions.** If a Participant has any other amounts under the Plan which are treated as forfeited (e.g. a forfeiture for a missing Participant under Section 6.10(c)), and no selections are made under AA §8-7 regarding the treatment of forfeitures under the Plan, such amounts may be forfeited in accordance with any of the forfeiture options described in this Section 6.11.

SECTION 7
PLAN DISTRIBUTIONS

A Participant may receive a distribution of his/her vested Account Balance at the time and in the manner provided under this Section 7. Upon reaching the Required Beginning Date (defined in Section 8.05(e)), a Participant must begin receiving distributions under the Plan (in accordance with the provisions of Section 8.)

7.01 Available Forms of Distribution. The Employer may elect under AA §9-1 the forms of distribution that are available to a Participant or Beneficiary under the Plan. Different distribution options may apply depending on whether a distribution is made upon termination of employment, death, disability or as an in-service withdrawal. Available distribution options under AA §9-1 may include a lump sum of all or a portion of the Participant's vested Account Balance, installments, annuity payments, or any other form designated in AA §9-1. In addition, distribution options may be available as provided under a guaranteed income product to the extent such distribution options are consistent with qualification requirements applicable to such distributions. Any distribution options selected under the Plan must comply with the required minimum distribution rules under Section 8.

If the Plan provides for installment payments as an optional form of distribution, such payments may be made in monthly, quarterly, semi-annual, or annual payments over a period not exceeding the life expectancy of the Participant and his/her designated Beneficiary. The Plan Administrator may permit a Participant or Beneficiary to accelerate the payment of all, or any portion, of an installment distribution. If the Plan provides for annuity payments, the Plan must purchase an annuity that provides for payments over a period that does not extend beyond either the life of the Participant (or the lives of the Participant and his/her designated Beneficiary) or the life expectancy of the Participant (or the life expectancy of the Participant and his/her designated Beneficiary). (The availability of installments and or annuity payments may be restricted under AA §9-1(e).)

7.02 Amount Eligible for Distribution. For purposes of determining the amount a Participant or Beneficiary may receive as a distribution from the Plan, a Participant's Account Balance is determined as of the Valuation Date (as specified in AA §11-1) immediately preceding the date the Participant or Beneficiary receives his/her distribution from the Plan. For this purpose, the Account Balance must be increased for any contributions allocated to the Participant's Account since the most recent Valuation Date and must be reduced for any distributions made from the Participant's Account since the most recent Valuation Date. A Participant or Beneficiary does not share in any allocation of gains or losses attributable to the period between the most recent Valuation Date and the date of the distribution, unless provided otherwise under uniform funding and valuation procedures established by the Plan Administrator. See Section 10.03.

7.03 Participant Consent. To the extent elected under AA §9-2, if the value of a Participant's entire vested Account Balance exceeds the Involuntary Cash-Out threshold (as defined in subsection (a) below), the Participant must consent to any distribution of such Account Balance prior to his/her Required Beginning Date (as defined in Section 8.05(e)) or, if so provided in AA §9-2(a)(3), as of the date the Participant attains (or would have attained if not deceased) the later of Normal Retirement Age or age 62. A failure by the Participant (and Spouse, if applicable) to consent to a distribution while a benefit is immediately distributable shall be deemed to be an election to defer commencement of payment of any benefit sufficient to satisfy this section.

(a) **Involuntary Cash-Out threshold.** For purposes of determining whether a distribution is subject to the Participant consent requirements as described in Section 7.03, the Involuntary Cash-Out threshold is \$5,000 unless a different amount is designated under AA §9-2(a). (See Section 7.05 for a discussion of the Automatic Rollover rules that apply if a Participant does not consent to a distribution that is otherwise available without Participant consent.) For purposes of determining whether a Participant's vested Account Balance exceeds the Involuntary Cash-Out threshold, the value of the Participant's vested Account Balance shall be determined without regard to that portion of the Account Balance that is attributable to Rollover Contributions (and earnings allocable thereto) within the meaning of Code §§402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e)(16). The Employer may elect in AA §9-2(a)(4) to include Rollover Contributions (and earnings allocable thereto) in determining whether the Participant's vested Account Balance exceeds the Involuntary Cash-Out threshold.

(b) **Participant notice.** If a distribution is subject to Participant consent, the Participant must consent in writing to the distribution within a reasonable period prior to the Annuity Starting Date (as defined in Section 1.09). For this purpose, any consent made within the 180-day period ending on the Annuity Starting Date will be deemed to be made within a reasonable period. If the distribution is subject to spousal consent under AA §9-2(b), the Participant's Spouse also must consent to the distribution in accordance with Section 9.02.

Prior to receiving a distribution from the Plan, a Participant must be notified of his/her right to defer any distribution from the Plan. The notification shall include a general description of the material features and the relative values of the optional forms of benefit available under the Plan (consistent with the requirements under Code §417(a)(3)). Effective for Plan Years beginning on or after January 1, 2007, the Participant notice must include a description of the consequences of a Participant's decision not to defer the receipt of a distribution. The notice must be provided no less than 30 days and no more than 180 days prior to the Participant's Annuity Starting Date. However, distribution may

commence less than 30 days after the notice is given, if the Participant is clearly informed of his/her right to take 30 days after receiving the notice to decide whether or not to elect a distribution (and, if applicable, a particular distribution option), and the Participant, after receiving the notice, affirmatively elects to receive the distribution prior to the expiration of the 30-day minimum period. The notice requirements described in this paragraph may be satisfied by providing a summary of the required information, so long as the conditions described in applicable regulations for the provision of such a summary are satisfied, and the full notice is also provided (without regard to the 180-day period described in this subsection).

- (c) **Special rules.** The consent rules under this Section 7.03 apply to distributions made after the Participant's termination of employment and to distributions made prior to the Participant's termination of employment. However, the consent of the Participant (and the Participant's Spouse, if applicable) shall not be required to the extent that a distribution is required to satisfy the required minimum distribution rules under Section 8 or to satisfy the requirements of Code §415, as described in Section 5.02. A Participant also will not be required to consent to a corrective distribution of Excess Deferrals.

7.04 Direct Rollovers. Notwithstanding any provision in the Plan to the contrary, a Participant may elect, at the time and the manner prescribed by the Plan Administrator, to have all or any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan in a Direct Rollover. If an Eligible Rollover Distribution is less than \$500, the Participant may not elect a Direct Rollover of only a portion of such distribution (i.e., a Participant must elect a complete Direct Rollover if the Eligible Rollover Distribution is less than \$500). For purposes of this Section 7.04, a Participant includes a Participant or former Participant. In addition, this Section applies to any distribution from the Plan made to a Participant's surviving Spouse or to a Participant's Spouse or former Spouse who is the Alternate Payee under a QDRO, as defined in Section 1.76. For distributions made on or after January 1, 2007, this Section 7.04 also applies to distributions made to a Participant's non-Spouse beneficiary, as set forth in subsection (c) below.

(a) **Definitions.**

(1) **Eligible Rollover Distribution.** An Eligible Rollover Distribution is any distribution of all or any portion of a Participant's Account Balance, except an Eligible Rollover Distribution does not include:

- (i) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Participant or the joint lives (or joint life expectancies) of the Participant and the Participant's Beneficiary, or for a specified period of ten years or more;
- (ii) any distribution to the extent such distribution is a required minimum distribution under Code §401(a)(9), as described under Section 8;
- (iii) any Hardship distribution, as described in Section 7.10(e);
- (iv) the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to Employer securities);
- (v) any distribution if it is reasonably expected (at the time of the distribution) that the total amount the Participant will receive as a distribution during the calendar year will total less than \$200;
- (vi) a distribution made to satisfy the requirements of Code §415 (as described in Section 5.02) or a distribution to correct Excess Deferrals.

(2) **Eligible Retirement Plan.** For purposes of applying the Direct Rollover provisions under this Section 7.04, an Eligible Retirement Plan is:

- (i) a qualified plan described in Code §401(a);
- (ii) an individual retirement account described in Code §408(a);
- (iii) an individual retirement annuity described in Code §408(b);
- (iv) an annuity plan described in Code §403(a);
- (v) an annuity contract described in Code §403(b); or

- (vi) an eligible plan under Code §457(b) 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

The definition of Eligible Retirement Plan also applies in the case of a distribution to a surviving Spouse, or to a Spouse or former Spouse who is the Alternate Payee under a QDRO.

To the extent any portion of an Eligible Rollover Distribution is attributable to Roth Deferrals (as defined in Section 3.02(c)(2)(v)), an Eligible Retirement Plan with respect to such portion of the distribution shall include only another designated Roth account of the Participant or a Roth IRA. To the extent any portion of an Eligible Rollover Distribution is attributable to After-Tax Employee Contributions, an Eligible Retirement Plan with respect to such portion of the distribution shall include only an individual retirement account or annuity described in Code §408(a) or (b) or a qualified Defined Contribution Plan described in Code §401(a) or §403(a) that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not includible in gross income.

- (3) **Direct Rollover.** A Direct Rollover is a payment made directly from the Plan to the Eligible Retirement Plan specified by the Participant. The Plan Administrator may develop reasonable procedures for accommodating Direct Rollover requests.
- (b) **Direct Rollover notice.** A Participant entitled to an Eligible Rollover Distribution must receive a written explanation of his/her right to a Direct Rollover, the tax consequences of not making a Direct Rollover, and, if applicable, any available special income tax elections. The notice must be provided within 30 –180 days prior to the Participant's Annuity Starting Date in the same manner as described in Section 7.03(b). The Direct Rollover notice must be provided to all Participants, unless the total amount the Participant will receive as a distribution during the calendar year is expected to be less than \$200.

If a Participant terminates employment and is eligible for a distribution which is not subject to Participant consent, and the Participant does not respond to the Direct Rollover notice indicating whether a Direct Rollover is desired and the name of the Eligible Retirement Plan to which the Direct Rollover is to be made, the Plan Administrator may distribute the Participant's entire vested Account Balance in the form of an Automatic Rollover (pursuant to Section 7.05) . If a distribution would qualify for Automatic Rollover, the Direct Rollover notice must describe the procedures for making an Automatic Rollover, including the name, address, and telephone number of the IRA trustee and information regarding IRA maintenance and withdrawal fees and how the IRA funds will be invested. The Direct Rollover notice also must describe the timing of the Automatic Rollover and the Participant's ability to affirmatively opt out of the Automatic Rollover.

- (c) **Direct Rollover by non-Spouse beneficiary.** Effective for Plan Years beginning after December 31, 2009, the Plan must permit a non-Spouse beneficiary (as defined in Code §401(a)(9)(E)) to make a direct rollover of an eligible rollover distribution to an individual retirement account under Code §408(a) or an individual retirement annuity under Code §408(b) that is established on behalf of the designated beneficiary and that will be treated as an inherited IRA pursuant to the provisions of Code §402(c)(11). A non-Spouse rollover made after December 31, 2009 will be subject to the direct rollover requirements under Code §401(a)(31), the rollover notice requirements under Code §402(f) or the mandatory withholding requirements under Code §3405(c).
- (d) **Direct Rollover of non-taxable amounts.** Notwithstanding any other provision of the Plan, effective for taxable years beginning on or after January 1, 2007, an Eligible Rollover Distribution may include the portion of any distribution that is not includible in gross income. For this purpose, an Eligible Retirement Plan includes a Defined Contribution or Defined Benefit Plan qualified under Code §401(a) and a tax-sheltered annuity plan under Code §403(b), provided the rollover is accomplished through a direct rollover and the recipient Eligible Retirement Plan separately accounts for any amounts attributable to the rollover of any nontaxable distribution and earnings thereon.
- (e) **Rollovers to Roth IRA.** For distributions occurring on or after January 1, 2008, a Participant or beneficiary (including a non-spousal beneficiary to the extent permitted under subsection (c) above), may rollover an Eligible Rollover Distribution (as defined in subsection (a)(1)) to a Roth IRA, provided the Participant (or beneficiary) satisfies the requirements for making a Roth contribution under Code §408A(c)(3)(B). Any amounts rolled over to a Roth IRA will be included in gross income to the extent such amounts would have been included in gross income if not rolled over (as required under Code §408A(d)(3)(A)). For purposes of this subsection (e), the Plan Administrator is not responsible for assuring the Participant (or beneficiary) is eligible to make a rollover to a Roth IRA.

- 7.05** **Automatic Rollover.** The Automatic Rollover rules in this Section 7.05 are effective for distributions made on or after the close of the first regular legislative session of the legislative body with the authority to amend the Plan that begins on or after January 1, 2006.
- (a) **Automatic Rollover requirements.** If a Participant is entitled to an Involuntary Cash-Out Distribution (as defined in subsection (b)), and the Participant does not elect to receive a distribution of such amount (either as a Direct Rollover to an Eligible Retirement Plan or as a direct distribution to the Participant), then the Plan Administrator may pay the distribution in a Direct Rollover to an individual retirement plan (IRA) designated by the Plan Administrator. (The Automatic Rollover provisions under this subsection (a) apply to any Involuntary Cash-Out Distribution for which the Participant fails to consent to a distribution, without regard to whether the Participant can be located. See Section 6.10(c) for alternatives if the Participant cannot be located after a reasonable diligent search.)
 - (b) **Involuntary Cash-Out Distribution.** An Involuntary Cash-Out Distribution is any distribution that is made from the Plan without the Participant's consent. Unless elected otherwise under AA §9-2(a)(3), an Involuntary Cash-Out Distribution, for purposes of applying the Automatic Rollover requirements under this Section 7.05 does not include any amounts below \$1,000. (See Section 7.03 for the Participant consent requirements with respect to distributions under the Plan.)
 - (c) **Treatment of Rollover Contributions.** Unless elected otherwise under AA §9-2(a)(5), for purposes of determining whether a mandatory distribution is greater than \$1,000, the portion of the Participant's distribution attributable to any Rollover Contribution is excluded.
- 7.06** **Distribution Upon Termination of Employment.** Subject to the required minimum distribution provisions under Section 8, a Participant who terminates employment for any reason (other than death) is entitled to receive a distribution of his/her vested Account Balance in accordance with this Section 7.06. (See Section 7.07 for the applicable rules when a Participant dies before distribution of his/her vested Account Balance is completed.)
- (a) **Account Balance not exceeding Cash-Out threshold.** If a Participant's vested Account Balance does not exceed \$5,000 (or other Cash-Out threshold designated under AA §9-2(a)(2)) at the time of distribution, the only distribution option available under the Plan is a lump sum option. The Participant will be eligible to receive a distribution of his/her vested Account Balance as of the date selected in AA §9-3(b).
 - (b) **Account Balance exceeding Cash-Out threshold.** If a Participant's vested Account Balance exceeds \$5,000 (or other Cash-Out threshold designated under AA §9-2(a)(2)) at the time of distribution, the Participant may elect to receive a distribution of his/her vested Account Balance in any form permitted under AA §9-1. The Participant will be eligible to receive a distribution of his/her vested Account Balance as of the date selected in AA §9-3(a). The Employer may elect to accelerate the distribution to Employees upon special circumstances, such as termination after attainment of Normal Retirement Age or other special circumstances.
- 7.07** **Distribution Upon Death.** Subject to the Required Minimum Distribution rules in Section 8, a Participant's vested Account Balance will be distributed to the Participant's Beneficiary(ies) in accordance with this Section 7.07. (See subsection (c) for rules regarding the determination of Beneficiaries upon the death of the Participant.) The form of benefit payable with respect to a deceased Participant will depend on whether the Participant dies before or after distribution of his/her Account Balance has commenced.
- (a) **Death after commencement of benefits.** If a Participant begins receiving a distribution of his/her benefits under the Plan, and subsequently dies prior to receiving the full value of his/her vested Account Balance, the remaining benefit will continue to be paid to the Participant's Beneficiary(ies) in accordance with the form of payment that has already commenced. If a Participant commences distribution prior to death only with respect to a portion of his/her Account Balance, then the rules in subsection (b) apply to the rest of the Account Balance.
 - (b) **Death before commencement of benefits.** If a Participant dies before commencing distribution of his/her benefits under the Plan, the form and timing of any death benefits will depend on whether the value of the death benefit exceeds \$5,000 (or other threshold designated under AA §9-2(a)(2)).
 - (1) **Death benefit not exceeding \$5,000.** If the value of the death benefit does not exceed \$5,000, such benefit will be paid to the Participant's Beneficiary(ies) in a single sum as soon as administratively feasible following the Participant's death.
 - (2) **Death benefit exceeding \$5,000.** If the value of the death benefit exceeds \$5,000, will be paid in a lump sum as soon as administratively feasible following the Participant's death. However, the death benefit may be payable in a different form if prescribed by the Participant's Beneficiary designation, or the Beneficiary, before a lump

sum payment of the benefit is made, elects to receive the distribution in an alternative form of benefit permitted under Section 7.01.

In no event will any death benefit be paid in a manner that is inconsistent with the Required Minimum Distribution rules under Section 8. The Beneficiary of any pre-retirement death benefit described in this subsection (b) may postpone the commencement of the death benefit to a date that is not later than the latest commencement date permitted under Section 8.

- (c) **Determining a Participant's Beneficiary.** The determination of a Participant's Beneficiary(ies) to receive any death benefits under the Plan will be based on the Participant's Beneficiary designation under the Plan. If a Participant does not designate a Beneficiary to receive the death benefits under the Plan, distribution will be made to the default Beneficiaries, as set forth in subsection (3) below.
- (1) **Post-retirement death benefit.** If a Participant dies after commencing distribution of benefits under the Plan (but prior to receiving a distribution of his/her entire vested Account Balance under the Plan), the Beneficiary of any post-retirement death benefit is determined in accordance with the Beneficiary selected under the distribution option in effect prior to death.
 - (2) **Pre-retirement death benefit.** If a Participant dies before commencing distribution of his/her benefits under the Plan, the surviving Spouse (determined at the time of the Participant's death) will be treated as the sole Beneficiary, unless:
 - (i) there is a valid contrary Beneficiary designation,
 - (ii) there is no surviving Spouse, or
 - (iii) the Spouse makes a valid disclaimer.
 - (3) **Default beneficiaries.** To the extent a Beneficiary has not been named by the Participant and is not designated under the terms of this Plan to receive all or any portion of the deceased Participant's death benefit, such amount shall be distributed to the Participant's surviving Spouse (if the Participant was married at the time of death). If the Participant does not have a surviving Spouse at the time of death, distribution will be made to the Participant's surviving children, in equal shares. If the Participant has no surviving children, distribution will be made to the Participant's estate. The Employer may modify the default beneficiary rules described in this subparagraph under AA §9-5.
 - (4) **Identification of Beneficiaries.** The Plan Administrator may request proof of the Participant's death and may require the Beneficiary to provide evidence of his/her right to receive a distribution from the Plan in any form or manner the Plan Administrator may deem appropriate. The Plan Administrator's determination of the Participant's death and of the right of a Beneficiary to receive payment under the Plan shall be conclusive. If a distribution is to be made to a minor or incompetent Beneficiary, payments may be made to the person's legal guardian, conservator recognized under state law, or custodian in accordance with the Uniform Gifts to Minors Act or similar law as permitted under the laws of the state where the Beneficiary resides. The Plan Administrator or Trustee will not be liable for any payments made in accordance with this subsection (4) and will not be required to make any inquiries with respect to the competence of any person entitled to benefits under the Plan. (See Section 9.03 for a special one-year marriage rule that may apply under AA §9-5(b).)
 - (5) **Death of Beneficiary.** Unless specified otherwise in the Participant's Beneficiary designation form or under AA §9-5, if a Beneficiary does not predecease the Participant but dies before distribution of the death benefit is made to the Beneficiary, the death benefit will be paid to the Beneficiary's estate. If the Participant and the Participant's Beneficiary die simultaneously and the Participant's Beneficiary designation form does not address simultaneous death, the determination of the death beneficiary will be determined under any state simultaneous death laws, to the extent applicable. If no applicable state law applies, the death benefit will be paid to the any contingent beneficiaries named under the Participant's beneficiary designation. If there are no contingent beneficiaries, the death benefit will be paid to the Participant's default beneficiaries, as described in subsection (3).
 - (6) **Divorce from Spouse.** Unless designated otherwise under AA §9-5(c), if a Participant designates his/her Spouse as Beneficiary and subsequent to such Beneficiary designation, the Participant and Spouse are divorced, the designation of the Spouse as Beneficiary under the Plan is automatically rescinded unless specifically provided otherwise under a divorce decree or QDRO, or unless the Participant enters into a new Beneficiary designation naming the prior Spouse as Beneficiary. In addition, the provisions under this subsection (6) will not apply if the Participant has entered into a Beneficiary designation that specifically overrides the provisions of this subsection

(6). For periods prior to the date this Plan is executed by the Employer, this subsection (6) also applies to situations where the Participant and Spouse are legally separated.

7.08 Distribution to Disabled Employees. Unless elected otherwise under AA §9-4, no special distribution rules apply to Disabled Employees. However, the Employer may elect in AA §9-4 to permit a distribution at an earlier date for Disabled Employees.

7.09 Qualified Distributions for Retired Public Safety Officers. A Participant who is an eligible retired public safety officer may elect, after separation from service, to have qualified health insurance premiums deducted from amounts to be distributed from the Plan that would otherwise be includible in gross income, and to have such amounts paid directly to the insurer or group health plan. The distribution shall be excluded from the Participant's gross income to the extent that the aggregate amount of the distribution does not exceed the lesser of the amount used to pay the qualified health insurance premiums of the Participant, the Participant's spouse, and the Participant's dependents (as defined in Code §152), or \$3,000, determined by aggregating all distributions with respect to the Participant that are used to pay qualified health insurance premiums from all eligible retirement plans of the Employer as defined in Code §414(d).

(a) **Qualified health insurance premiums.** The term "qualified health insurance premiums" means premiums for coverage for the Participant, the Participant's spouse, and the Participant's dependents (as defined in Code §152) by an accident or health insurance plan (including under a self-insured plan) or qualified long-term care insurance contract (within the meaning of Code §7702B(b)).

(b) **Eligible retired public safety officer.** The term "eligible retired public safety officer" means an individual who separated from service, either by reason of disability or after attainment of Normal Retirement Age, as a public safety officer with the Employer. For this purpose, a public safety officer is an individual serving the Employer in an official capacity, with or without compensation, as a law enforcement officer, a firefighter, a chaplain, or a member of a rescue squad or ambulance crew.

7.10 In-Service Distributions. The Employer may elect under AA §10 to permit in-service distributions under the Plan. Except to the extent provided under subsection (a) below, if an in-service distribution is not specifically permitted under AA §10, a Participant may not receive a distribution from the Plan until termination of employment, death or disability.

(a) **After-Tax Employee Contributions and Rollover Contributions.** Unless designated otherwise under AA §10-2, a Participant may withdraw at any time, upon written request, all or any portion of his/her Account Balance attributable to After-Tax Employee Contributions or Rollover Contributions. No forfeiture will occur solely as a result of an Employer's withdrawal of After-Tax Employee Contributions.

(b) **Employer Contributions and Matching Contributions.** The Employer may elect under AA §10 the extent to which in-service distributions will be permitted from Employer Contributions (including Matching Contributions, if applicable) under the Plan. If permitted under AA §10 of the Profit Sharing Plan Adoption Agreement, Employer Contributions may be withdrawn upon the occurrence of a specified event (such as attainment of a designated age or the occurrence of a Hardship, as defined in subsection (e) below). In addition, a Participant may take withdraw his/her Employer Contributions (and Matching Contributions, if applicable) upon the completion of a certain number of years, provided no distribution solely on account of years may be made with respect to Employer Contributions that have been accumulated in the Plan for less than 2 years, unless the Participant has been a Participant in the Plan for at least 5 years. (See Section 6.09 for special vesting rules that apply if a Participant takes an in-service distribution prior to becoming 100% vested in such contributions.)

For Plan Years beginning after January 1, 2007, if the Plan is a pension plan (e.g., a money purchase plan or if the Plan holds transferred assets from a money purchase plan), a Participant may not receive an in-service distribution of his/her vested Account Balance prior to the earlier of the attainment of Normal Retirement Age or age 62 (to the extent permitted under AA §10-1 or AA §10-2).

(c) **Salary Deferrals under Grandfathered 401(k) Arrangement.** If the Plan qualifies as a Grandfathered 401(k) Arrangement, as designated under AA §2-3 of the Profit Sharing Adoption Agreement, any Salary Deferrals (including any earnings on such amounts) generally may not be distributed prior to the Participant's severance from employment, death, or disability. However, the Employer may elect under AA §10 to permit an in-service distribution of such amounts upon attainment of a specified age (no earlier than age 59½, upon a Hardship (as defined in subsection (e)) or upon a Qualified Reservist Distribution, as defined under subsection (d).

If Normal Retirement Age or Early Retirement Age is earlier than age 59½ and an in-service distribution is permitted upon attainment of Normal Retirement Age or Early Retirement Age from Salary Deferrals, the Normal Retirement Age and/or Early Retirement Age will be deemed to be age 59½ for purposes of determining eligibility to distribute Salary Deferrals.

- (d) **Penalty-free withdrawals for individuals called to active duty.** Effective September 11, 2001, the distribution provisions applicable to Salary Deferrals include a Qualified Reservist Distribution, as defined in subsection (1) below. If a Participant takes a Qualified Reservist Distribution, such distributions will not be subject to the 10% penalty tax under Code §72(t). A Qualified Reservist Distribution is only available if permitted under AA §10-1.
- (1) **Qualified Reservist Distribution.** For purposes of this subsection (d), a Qualified Reservist Distribution means any distribution to an individual if:
- (i) such distribution is from amounts attributable to elective deferrals described in Code §402(g)(3)(A) or (C) or Code §501(c)(18)(D)(iii),
 - (ii) such individual was (by reason of being a member of a reserve component (as defined in §101 of Title 37 of the United States Code)) ordered or called to active duty for a period in excess of 179 days or for an indefinite period, and
 - (iii) such distribution is made during the period beginning on the date of such order or call and ending at the close of the active duty period.
- (2) **Active duty.** A Qualified Reservist Distribution will only be available for individuals who are ordered or called into active duty after September 11, 2001
- (e) **Hardship distribution.** The Employer may elect under AA §10-1 or AA §10-2 of the Profit Sharing Plan Adoption Agreement to authorize an in-service distribution upon the occurrence of a Hardship event. A Hardship distribution of Salary Deferrals must meet the requirements of a safe harbor Hardship as described under subsection (1) below. For other contribution types, the Employer may elect to apply the safe harbor Hardship rules under subsection (1) or the non-safe harbor Hardship provisions under subsection (2) below.
- (1) **Safe harbor Hardship distribution.** To qualify for a safe harbor Hardship, a Participant must demonstrate an immediate and heavy financial need, as described in subsection (i), and the distribution must be necessary to satisfy such need, as described in subsection (ii).
- (i) **Immediate and heavy financial need.** To be considered an immediate and heavy financial need, the Hardship distribution must be made to satisfy one of the following financial needs:
- (A) to pay expenses incurred or necessary for medical care (as described in Code §213(d)) of the Participant, the Participant's Spouse or dependents (determined without regard to whether the expenses exceed 7.5% of adjusted gross income);
 - (B) for the purchase (excluding mortgage payments) of a principal residence for the Participant;
 - (C) for payment of tuition and related educational fees (including room and board) for the next 12 months of post-secondary education for the Participant, the Participant's Spouse, children or dependents;
 - (D) to prevent the eviction of the Participant from, or a foreclosure on the mortgage of, the Participant's principal residence;
 - (E) to pay funeral or burial expenses for the Participant's deceased parent, Spouse, child or dependent;
 - (F) to pay expenses to repair damage to the Participant's principal residence that would qualify for a casualty loss deduction under Code §165 (determined without regard to whether the loss exceeds the 10% of adjusted gross income limit); or
 - (G) for any other event that the IRS recognizes as a safe harbor Hardship distribution event under ruling, notice or other guidance of general applicability.

The payment of funeral or burial expenses under subsection (E) and the payment of expenses to repair damage to a principal residence under subsection (F) only apply to Plan Years beginning on or after January 1, 2006. For purposes of determining eligibility of a Hardship distribution under this subsection (i), a dependent is determined under Code §152. However, for taxable years beginning on or after January 1, 2005, the determination of dependent for purposes of tuition and education fees under subsection (C) above will be made without regard to Code §152(b)(1), (b)(2), and (d)(1)(B) and the

determination of dependent for purposes of funeral or burial expenses under subsection (E) above will be made without regard to Code §152(d)(1)(B).

A Participant must provide the Plan Administrator with a written request for a Hardship distribution. The Plan Administrator may require written documentation, as it deems necessary, to sufficiently document the existence of a proper Hardship event.

(ii) **Distribution necessary to satisfy need.** A distribution will be considered as necessary to satisfy an immediate and heavy financial need of the Participant if:

- (A) The distribution is not in excess of the amount of the immediate and heavy financial need (including amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the distribution);
- (B) The Participant has obtained all available distributions, other than Hardship distributions, and all nontaxable loans under the Plan and all plans maintained by the Employer; and
- (C) The Participant is suspended from making Salary Deferrals (and After-Tax Employee Contributions) for at least 6 months after the receipt of the Hardship distribution.

(2) **Non-safe harbor Hardship distribution.** The Employer may elect in AA §10-1(e) or AA §10-2(e) of the Profit Sharing Plan Adoption Agreement to permit Participants to take a Hardship distribution of Employer Contributions without satisfying the requirements of subsection (1) above.

(i) **Immediate and heavy financial need.** For purposes of determining whether a Hardship exists under this subsection (2), the same Hardship distribution events described in subsection (1)(i) will qualify as a Hardship distribution event under this subsection (2). The Employer may modify the permissible Hardship distribution events under AA §10-3(f) of the Profit Sharing Plan Adoption Agreement.

(ii) **Distribution necessary to satisfy need.** A Hardship distribution under this subsection (2) need not satisfy the requirements under subsection (1)(ii) above. Instead, all relevant facts and circumstances are considered to determine whether the Employee has other resources reasonably available to relieve or satisfy the need. For this purpose, resources include assets of the Employee's Spouse and minor children that are reasonably available to the Employee. In addition, the amount withdrawn for hardship may include amounts necessary to pay federal, state or local income taxes, or penalties reasonably anticipated to result from the distribution.

The Employer or Plan Administrator may rely upon the Employee's written representation that the need cannot be reasonably relieved through the following sources:

- (A) Reimbursement or compensation by insurance;
- (B) Liquidation of the Employee's assets;
- (C) Cessation of Salary Deferrals or After-Tax Employee Contributions under the Plan;
- (D) Other currently available distributions or nontaxable loans from the Plan or any other plan maintained by the Employer (or any other employer);
- (E) Borrowing from commercial sources on reasonable commercial terms in an amount sufficient to satisfy the need.

The Employer or Plan Administrator may not rely upon the written representation under this subsection (ii) if the Employer has actual knowledge to the contrary.

(3) **Amount available for Hardship distribution.** A Participant may receive a Hardship distribution of any portion of his/her vested Employer Contribution Account or Matching Contribution Account (including earnings thereon), as permitted under AA §10. A Participant may receive a Hardship distribution of Salary Deferrals provided such distribution, when added to other Hardship distributions from Salary Deferrals, does not exceed the total Salary Deferrals the Participant has made to the Plan (increased by income allocable to such Salary Deferrals as of the later of December 31, 1988 or the end of the last Plan Year ending before July 1, 1989).

- (4) **Availability to terminated Employees.** If a Hardship distribution is permitted under AA §10-1 or AA §10-2, a Participant may take such a Hardship distribution after termination of employment to the extent no other distribution is available from the Plan.
- (5) **Application of Hardship distributions rules with respect to primary beneficiaries.** If elected under AA §10-3(e), if the Plan otherwise permits Hardship distributions based on the safe harbor hardship provisions under subsection (1), the existence of an immediate and heavy financial need under subsection (1)(i) may be determined with respect to a primary beneficiary under the Plan. For this purpose, a primary beneficiary is an individual who is named as a beneficiary under the Plan and has an unconditional right to all or a portion of a Participant's Account Balance upon the death of the Participant. Hardship distributions with respect to primary beneficiaries under this subsection (5) are limited to Hardship distributions on account of medical expenses, educational expenses and funeral expenses (as described in subsections (1)(i)(A), (1)(i)(C) and (1)(i)(E), above)). Any Hardship distribution with respect to a primary beneficiary must satisfy all the other requirements applicable to Hardship distributions under subsection (e).

7.11 Sources of Distribution. Unless provided otherwise in separate administrative provisions adopted by the Plan Administrator, in applying the distribution provisions under this Section 7, distributions will be made on a pro rata basis from all Accounts from which a distribution is permitted. Alternatively, the Plan Administrator may permit Participants to direct the Plan Administrator as to which Account the distribution is to be made. Regardless of a Participant's direction as to the source of any distribution, the tax effect of such a distribution will be governed by Code §72 and the regulations thereunder.

- (a) **Exception for Hardship withdrawals.** If the Plan permits a Hardship withdrawal from both Salary Deferrals (including Roth Deferrals) and Employer Contributions, a Hardship distribution will first be treated as having been made from a Participant's Employer Contribution Account and then from the Employer's Matching Contribution Account, to the extent such Hardship distribution is available with respect to such Accounts. Only when all available amounts have been exhausted under the Participant's Employer Contribution Account and/or Matching Contribution Account will a Hardship distribution be made from a Participant's Pre-Tax Salary Deferral Account and/or Roth Deferral Account. (See subsection (b) below for the ordering rules for distributions from the Pre-Tax Salary Deferral and Roth Deferral Accounts.) The Plan Administrator may modify the ordering rules under this subsection (a) under separate administrative procedures.
- (b) **Roth Deferrals.** If a Participant has both a Pre-Tax Salary Deferral Account and a Roth Deferral Account, withdrawals and loans from such Accounts will be made in accordance with this subsection (b).
 - (1) **Distributions and withdrawals.** Unless designated otherwise under AA §6A-5 of the Grandfathered 401(k) Plan Adoption Agreement or separate administrative procedures, if a Participant has both a Pre-Tax Salary Deferral Account and a Roth Deferral Account, the Participant may designate the extent to which a distribution or withdrawal of Salary Deferrals will come from the Pre-Tax Salary Deferral Account or the Roth Deferral Account. Alternatively, the Employer may provide under AA §6A-5 of the Grandfathered 401(k) Plan Adoption Agreement (or under separate administrative procedures) that any distribution or withdrawal of Salary Deferrals will be made on a pro rata basis from the Pre-Tax Salary Deferral Account and the Roth Deferral Account. Alternatively, the Employer may designate any other order of distribution and withdrawals under AA §6A-5 or separate administrative procedures.
 - (2) **Distribution of Excess Deferrals.** Unless designated otherwise under AA §6A-5 of the Grandfathered 401(k) Plan Adoption Agreement or separate administrative procedures, if a Participant has both a Pre-Tax Salary Deferral Account and a Roth Deferral Account, and the Plan is required to make a corrective distribution of Excess Deferrals to such Participant, the Participant may designate whether the Plan will make such corrective distribution of Excess Deferrals from the Pre-Tax Salary Deferral Account or the Roth Deferral Account. Alternatively, the Employer may elect under AA §6A-5 of the Grandfathered 401(k) Plan Adoption Agreement (or under separate administrative procedures) that corrective distributions of Salary Deferrals to correct Excess Deferrals will be made pro rata from the Pre-Tax Salary Deferral Account and Roth Deferral Account or first from the Pre-Tax Salary Deferral Account or first from the Roth Deferral Account.

Unless designated otherwise under separate administrative procedures, if a Participant is permitted to designate the extent to which a corrective distribution is made from the Pre-Tax Salary Deferral Account or the Roth Deferral Account, and the Participant fails to designate the appropriate Account by the date the corrective distribution is made from the Plan, such corrective distribution may be withdrawn equally from both the Pre-Tax Salary Deferral Account and the Roth Deferral Account or the Employer may withdraw such amounts first from either the Pre-Tax Salary Deferral Account or the Roth Deferral Account.

- (c) **In-kind distributions.** Nothing in this Section 7 precludes the Plan Administrator from making a distribution in the form of property, or other in-kind distribution. An in-kind distribution is only available to the extent such investments

are held in the Participant's Account at the time of the distribution. This subsection (c) does not give any Participant the right to request an in-kind distribution if not otherwise authorized by the Plan Administrator.

- 7.12** **Correction of Qualification Defects.** Nothing in this Section 7 precludes the Plan Administrator from making a distribution to a Participant to correct a qualification defect consistent with the correction procedures under the IRS' voluntary compliance programs. Thus, for example, if an Employee is permitted to enter the Plan prior to his/her proper Entry Date under Section 2.03(b) and the Plan Administrator determines that a corrective distribution is a proper means of correcting the operational violation, nothing in this Section 7 would prevent the Plan from making such corrective distribution. Any such distribution must be made in accordance with the correction procedures applicable under the IRS' voluntary correction programs under Rev. Proc. 2013-12 (or successive guidance).

SECTION 8
REQUIRED MINIMUM DISTRIBUTIONS

8.01 **Required Minimum Distributions.** Unless specified otherwise under Appendix A of the Adoption Agreement, the provisions of this Section apply to calendar years beginning on or after January 1, 2003. A Participant's entire interest under the Plan will be distributed, or begin to be distributed, to the Participant no later than the Participant's Required Beginning Date (as defined in Section 8.05(e)). All distributions required under this Section 8 will be determined and made in accordance with the regulations under Code §401(a)(9) and the minimum distribution incidental benefit requirement of Code §401(a)(9)(G). For purposes of applying the required minimum distribution rules under this Section 8, any distribution made in a form other than a lump sum must be made over one of the following periods (or a combination thereof):

- (a) the life of the Participant;
- (b) the life of the Participant and a Designated Beneficiary;
- (c) a period certain not extending beyond the life expectancy of the Participant; or
- (d) a period certain not extending beyond the joint and last survivor life expectancy of the Participant and a Designated Beneficiary.

8.02 **Death of Participant before required distributions begin.** If the Participant dies before required distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

- (a) **Surviving Spouse is sole Designated Beneficiary.** Unless designated otherwise under AA §10-4, if the Participant's surviving Spouse is the Participant's sole Designated Beneficiary, the surviving Spouse may elect to take distributions under the five-year rule (as described in Section 8.06(a) below) or under the life expectancy method. If the life expectancy method applies, distributions to the surviving Spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70-1/2, if later.
- (b) **Surviving Spouse is not the sole Designated Beneficiary.** Unless designated otherwise under AA §10-4, if the Participant's surviving Spouse is not the Participant's sole Designated Beneficiary, the Designated Beneficiary may elect to take distributions under the five-year rule (as described in Section 8.06(a) below) or under the life expectancy method. If the life expectancy method applies, then distributions to the Designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died. If the Designated Beneficiary does not elect to commence distributions by December 31 of the calendar year immediately following the calendar year in which the Participant dies, a complete distribution must be made by December 31 of the calendar year containing the fifth anniversary of the Participant's death. See Section 8.06(a) below.
- (c) **No Designated Beneficiary.** If there is no Designated Beneficiary as of the date of the Participant's death who remains a Beneficiary as of September 30 of the year immediately following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.
- (d) **Death of surviving Spouse.** If the Participant's surviving Spouse is the Participant's sole Designated Beneficiary and the surviving Spouse dies after the Participant but before distributions to the surviving Spouse begin, this Section 8.02 (other than subsection (a)) will apply as if the surviving Spouse were the Participant.

For purposes of this Section 8.02 and AA §10-4, unless subsection (d) applies, distributions are considered to begin on the Participant's Required Beginning Date. If subsection (d) applies, distributions are considered to begin on the date distributions are required to begin to the surviving Spouse under subsection (a) above. If distributions under an annuity purchased from an insurance company irrevocably commence to the participant before the Participant's Required Beginning Date (or to the Participant's surviving Spouse before the date distributions are required to begin to the surviving Spouse under subsection (a)), the date distributions are considered to begin is the date distributions actually commence.

8.03 **Required Minimum Distributions during Participant's lifetime.**

- (a) **Amount of Required Minimum Distribution for each Distribution Calendar Year.** During the Participant's lifetime, the minimum amount that will be distributed for each Distribution Calendar Year is the lesser of:
 - (1) the quotient obtained by dividing the Participant's Account Balance by the distribution period set forth in the Uniform Lifetime Table found in Treas. Reg. §1.401(a)(9)-9, Q&A-2, using the Participant's age as of the Participant's birthday in the Distribution Calendar Year; or

- (2) if the Participant's sole Designated Beneficiary for the Distribution Calendar Year is the Participant's Spouse, the quotient obtained by dividing the Participant's Account Balance by the number in the Joint and Last Survivor Table set forth in Treas. Reg. §1.401(a)(9)-9, Q&A-3, using the Participant's and Spouse's attained ages as of the Participant's and Spouse's birthdays in the Distribution Calendar Year.

- (b) **Lifetime Required Minimum Distributions continue through year of Participant's death.** Required Minimum Distributions will be determined under this subsection (b) beginning with the first Distribution Calendar Year and continuing up to, and including, the Distribution Calendar Year that includes the Participant's date of death.

8.04 **Required Minimum Distributions After Participant's Death.**

- (a) **Death on or after date required distributions begin.**

- (1) **Participant survived by Designated Beneficiary.** If the Participant dies on or after the date required distributions begin and there is a Designated Beneficiary, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's Designated Beneficiary, determined as follows:

- (i) The Participant's remaining life expectancy is calculated in accordance with the Single Life Table found in Treas. Reg. §1.401(a)(9)-9, Q&A-1, using the age of the Participant in the year of death, reduced by one for each subsequent year.
- (ii) If the Participant's surviving Spouse is the Participant's sole Designated Beneficiary, the remaining life expectancy of the surviving Spouse is calculated using the Single Life Table found in Treas. Reg. §1.401(a)(9)-9, Q&A-1, for each Distribution Calendar Year after the year of the Participant's death using the surviving Spouse's age as of the Spouse's birthday in that year. For Distribution Calendar Years after the year of the surviving Spouse's death, the remaining life expectancy of the surviving Spouse is calculated using the age of the surviving Spouse as of the Spouse's birthday in the calendar year of the Spouse's death, reduced by one for each subsequent calendar year.
- (iii) If the Participant's surviving Spouse is not the Participant's sole Designated Beneficiary, the Designated Beneficiary's remaining life expectancy is calculated under the Single Life Table using the age of the Designated Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

- (2) **No Designated Beneficiary.** If the participant dies on or after the date required distributions begin and there is no Designated Beneficiary as of the Participant's date of death who remains a Designated Beneficiary as of September 30 of the year after the year of the Participant's death, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the Participant's remaining life expectancy under the Single Life Table calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

- (b) **Death before date required distributions begin.**

- (1) **Participant survived by Designated Beneficiary.** Unless designated otherwise under AA §10-4, if the Participant dies before the date required distributions begin and there is a Designated Beneficiary, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the remaining life expectancy of the Participant's Designated Beneficiary, determined as provided in subsection (a).
- (2) **No Designated Beneficiary.** If the Participant dies before the date distributions begin and there is no Designated Beneficiary as of the date of death of the Participant who remains a Designated Beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest must be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.
- (3) **Death of surviving Spouse before distributions to surviving Spouse are required to begin.** If the Participant dies before the date distributions begin, the Participant's surviving Spouse is the Participant's sole Designated Beneficiary, and the surviving Spouse dies before distributions are required to begin to the surviving Spouse under Section 8.02(a), this subsection (b) will apply as if the surviving Spouse were the Participant.

8.05 **Definitions.**

- (a) **Designated Beneficiary.** A Beneficiary designated by the Participant (or the Plan), whose life expectancy may be taken into account to calculate minimum distributions, pursuant to Code §401(a)(9) and Treas. Reg. §1.401(a)(9)-4.
- (b) **Distribution Calendar Year.** A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first Distribution Calendar Year is the calendar year immediately preceding the calendar year that contains the Participant's Required Beginning Date. For distributions beginning after the Participant's death, the first Distribution Calendar Year is the calendar year in which distributions are required to begin pursuant to Section 8.02. The Required Minimum Distribution for the Participant's first Distribution Calendar Year will be made on or before the Participant's Required Beginning Date. The Required Minimum Distribution for other Distribution Calendar Years, including the Required Minimum Distribution for the Distribution Calendar Year in which the Participant's Required Beginning Date occurs, will be made on or before December 31 of that Distribution Calendar Year.
- (c) **Life expectancy.** For purposes of determining a Participant's Required Minimum Distribution amount, life expectancy is computed using one of the following tables, as appropriate: (1) Single Life Table, (2) Uniform Life Table, or (3) Joint and Last Survivor Table found in Treas. Reg. §1.401(a)(9)-9.
- (d) **Account Balance.** For purposes of determining a Participant's Required Minimum Distribution, the Participant's Account Balance is determined based on the Account Balance as of the last Valuation Date in the calendar year immediately preceding the Distribution Calendar Year (the "valuation calendar year") increased by the amount of any contributions or forfeitures allocated to the Account Balance as of dates in the calendar year after the Valuation Date and decreased by distributions made in the calendar year after the Valuation Date. The Account Balance for the valuation calendar year includes any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the Distribution Calendar Year if distributed or transferred in the valuation calendar year.
- (e) **Required Beginning Date.** Unless designated otherwise under AA §10-4, a Participant's Required Beginning Date under the Plan is April 1 that follows the end of the calendar year in which the later of the following two events occurs:
 - (1) the Participant attains age 70½ or
 - (2) the Participant terminates employment.

A Participant may begin in-service distributions prior to his/her Required Beginning Date only to the extent authorized under Section 7.10 and AA §10. However, if this Plan were amended to add the Required Beginning Date rules under this subsection (e), a Participant who attained age 70½ prior to January 1, 1999 (or, if later, January 1 following the date the Plan is first amended to contain the Required Beginning Date rules under this subsection (e)) may receive in-service minimum distributions in accordance with the terms of the Plan in existence prior to such amendment.

8.06 **Special Rules.**

- (a) **Election to apply 5-year rule to required distributions after death.** If the Participant dies before distributions begin and there is a Designated Beneficiary, the Employer may elect under AA §10-4, instead of applying the provisions of Sections 8.02 and 8.04, to require the Participant's entire interest to be distributed to the Designated Beneficiary by December 31 of the calendar year containing the fifth anniversary of the Participant's death. If the Participant's surviving Spouse is the Participant's sole Designated Beneficiary and the surviving Spouse dies after the Participant but before distributions to either the Participant or the surviving Spouse begin, this election will apply as if the surviving Spouse were the Participant.
- (b) **Election to allow Participants or Beneficiaries to elect 5-year rule.** If a Participant or Designated Beneficiary is permitted under AA §10-4 to elect whether to apply the life expectancy rule under Section 8.02 above or the five year rule under subsection (a), the election must be made no later than the earlier of September 30 of the calendar year in which distribution would be required to begin under Section 8.02 or by September 30 of the calendar year which contains the fifth anniversary of the Participant's (or, if applicable, surviving Spouse's) death. If neither the Participant nor Beneficiary makes an election under this paragraph, distributions will be made in accordance with the five year rule under subsection (a) above.
- (c) **Forms of Distribution.** Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a lump sum on or before the Required Beginning Date, as of the first Distribution Calendar Year distributions will be made in accordance with Sections 8.02 and 8.04. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Code §401(a)(9) and the regulations.

- (d) **Waiver of Required Minimum Distributions.** For calendar year 2009, the Required Minimum Distribution rules will not apply. In applying the provisions of this Section 8 for the 2009 Distribution Calendar Year,
- (1) the Required Beginning Date with respect to any individual shall be determined without regard to this subsection for purposes of applying this paragraph for Distribution Calendar Years after 2009, and
 - (2) required distributions to a beneficiary upon the death of the Participant shall be determined without regard to calendar year 2009.

A Participant or beneficiary who would have been required to receive a Required Minimum Distribution for the 2009 Distribution Calendar Year but for the enactment of Code §401(a)(9)(H) (“2009 RMD”), may elect whether or not to receive the 2009 RMD (or any portion of such distribution). A distribution of the 2009 RMD or a series of substantially equal distributions (that include the 2009 RMDs) made at least annually and expected to last for the life (or life expectancy) of the participant, the joint lives (or joint life expectancy) of the participant and the participant’s designated beneficiary, or for a period of at least 10 years, will be treated as an Eligible Rollover Distribution. However, if all or any portion of a distribution during 2009 is treated as an Eligible Rollover Distribution but would not be so treated if the Required Minimum Distribution requirements under this Section 8 had applied during 2009, such distribution shall not be treated as an Eligible Rollover Distribution for purposes of Code §§401(a)(31), 402(f) or 3405(c). (See Notice 2009-82 for transitional rules that apply for purposes of applying the rollover rules to the distribution of 2009 RMDs.)

- (e) **Treatment of trust beneficiaries as Designated Beneficiaries.** If a trust is properly named as a Beneficiary under the Plan, the beneficiaries of the trust will be treated as the Designated Beneficiaries of the Participant solely for purposes of determining the distribution period under this Section 8 with respect to the trust’s interests in the Participant’s vested Account Balance. The beneficiaries of a trust will be treated as Designated Beneficiaries for this purpose only if, during any period during which required minimum distributions are being determined by treating the beneficiaries of the trust as Designated Beneficiaries, the following requirements are met:
- (1) the trust is a valid trust under state law, or would be but for the fact there is no corpus;
 - (2) the trust is irrevocable or will, by its terms, become irrevocable upon the death of the Participant;
 - (3) the beneficiaries of the trust who are beneficiaries with respect to the trust’s interests in the Participant’s vested Account Balance are identifiable from the trust instrument; and
 - (4) the Plan Administrator receives the documentation described in subsection (f)(1) below.

If the foregoing requirements are satisfied and the Plan Administrator receives such additional information as it may request, the Plan Administrator may treat such beneficiaries of the trust as Designated Beneficiaries.

- (f) **Special rules applicable to trust beneficiaries.**

- (1) **Information that must be supplied to Plan Administrator.**

- (i) **Required minimum distribution before death where Spouse is sole beneficiary.** If a Participant designates a trust as the beneficiary of his/her entire benefit and the Participant’s Spouse is the sole beneficiary of the trust, the Participant must provide the information under (A) or (B) below to satisfy the information requirements under subsection (e)(4) above.

(A) The Participant must provide to the Plan Administrator a copy of the trust instrument and agree that if the trust instrument is amended at any time in the future, the Participant will, within a reasonable time, provide to the Plan Administrator a copy of each such amendment; or

(B) The Participant must:

- (I) provide to the Plan Administrator a list of all of the beneficiaries of the trust (including contingent and remaindermen beneficiaries with a description of the conditions on their entitlement sufficient to establish that the Spouse is the sole beneficiary) for purposes of Code §401(a)(9);

- (II) certify that, to the best of the Participant’s knowledge, the list under subsection (I) is correct and complete and that the requirements of subsection (e) above are satisfied;

- (III) agree that, if the trust instrument is amended at any time in the future, the Participant will, within a reasonable time, provide to the Plan Administrator corrected certifications to the extent that the amendment changes any information previously certified; and
 - (IV) agree to provide a copy of the trust instrument to the Plan Administrator upon demand.
- (ii) **Required minimum distribution after death.** In order to satisfy the documentation requirement of subsection (e)(4) above for required minimum distributions after the death of the Participant (or Spouse in a case to which Treas. Reg. §.401(a)(9)-3, Q&A-5 applies), the trustee of the trust must satisfy the requirements of subsection (A) or (B) by October 31 of the calendar year immediately following the calendar year in which the Participant died.
- (A) The trustee of the trust must:
 - (I) provide the Plan Administrator with a final list of all beneficiaries of the trust (including contingent and remaindermen beneficiaries with a description of the conditions on their entitlement) as of September 30 of the calendar year following the calendar year of the Participant's death;
 - (II) certify that, to the best of the trustee's knowledge, the list in subsection (I) is correct and complete and that the requirements of subsection (e) above are satisfied; and
 - (III) agree to provide a copy of the trust instrument to the Plan Administrator upon demand.
 - (B) The trustee of the trust must provide the Plan Administrator with a copy of the actual trust document for the trust that is named as a beneficiary of the Participant under the Plan as of the Participant's date of death.
- (2) **Relief for discrepancy.** If required minimum distributions are determined based on the information provided to the Plan Administrator in certifications or trust instruments described in subsection (1) above, the Plan will not fail to satisfy Code §401(a)(9) merely because the actual terms of the trust instrument are inconsistent with the information in those certifications or trust instruments previously provided to the Plan Administrator, provided the Plan Administrator reasonably relied on the information provided and the required minimum distributions for calendar years after the calendar year in which the discrepancy is discovered are determined based on the actual terms of the trust instrument.

8.07 Transitional Rule. Notwithstanding the other requirements of this Section 8, distribution on behalf of any Employee may be made in accordance with all of the following requirements (regardless of when such distribution commences):

- (a) The distribution by the Plan is one that would not have disqualified the Plan under Code §401(a)(9) as in effect prior to amendment by the Deficit Reduction Act of 1984.
- (b) The distribution is in accordance with a method of distribution designated by the Participant whose interest in the Plan is being distributed or, if the Participant is deceased, by a Beneficiary of such Participant.
- (c) Such designation was in writing, was signed by the Participant or the beneficiary, and was made before January 1, 1984.
- (d) The Participant had accrued a benefit under the Plan as of December 31, 1983.
- (e) The method of distribution designated by the Participant or the beneficiary specifies the time at which distribution will commence, the period over which distributions will be made, and in the case of any distribution upon the Participant's death, the beneficiaries of the Participant listed in order of priority.

A distribution upon death will not be covered by this transitional rule unless the information in the designation contains the required information described above with respect to the distributions to be made upon the death of the Participant.

For any distribution which commences before January 1, 1984, but continues after December 31, 1983, the Participant, or the Beneficiary, to whom such distribution is being made, will be presumed to have designated the method of distribution under which the distribution is being made if the method of distribution was specified in writing and the distribution satisfies the requirements in subsections (a) - (e) above.

If a designation is revoked any subsequent distribution must satisfy the requirements of Code §401(a)(9) and the proposed regulations thereunder. If a designation is revoked subsequent to the date distributions are required to begin, the Plan must

distribute by the end of the calendar year following the calendar year in which the revocation occurs the total amount not yet distributed which would have been required to have been distributed to satisfy Code §401(a)(9) and the proposed regulations thereunder, but for the TEFRA §242(b)(2) election. For calendar years beginning after December 31, 1988, such distributions must meet the minimum distribution incidental benefit requirements. Any changes in the designation will be considered to be a revocation of the designation. However, the mere substitution or addition of another Beneficiary (one not named in the designation) under the designation will not be considered to be a revocation of the designation, so long as such substitution or addition does not alter the period over which distributions are to be made under the designation, directly or indirectly (for example, by altering the relevant measuring life). In the case in which an amount is transferred or rolled over from one plan to another plan, the rules in Treas. Reg. §1.401(a)(9)-8, Q&A-14 and Q&A-15 shall apply.

SECTION 9
SPOUSAL CONSENT RULES

- 9.01** Application of Joint and Survivor Annuity Rules. As a Governmental Plan, the Qualified Joint and Survivor Annuity rules under Code §§401(a)(11) and 417 do not apply to the Plan. The Employer may elect to require spousal consent for Plan distributions under AA §9-2(b).
- 9.02** Spousal consent. If the Employer elects under AA §9-2(b) to require spousal consent to a Plan distribution, the Spouse's consent will be required with respect to a distribution as designated in AA §9-2(b). A Spouse's consent, if required, must be provided pursuant to a Qualified Election. For this purpose, a Qualified Election is a written election signed by both the Participant and the Participant's Spouse that specifically acknowledges the effect of the election. The Spouse's consent must be witnessed by a plan representative or notary public. If the Qualified Election permits the Participant to change a payment form or Beneficiary designation without any further consent by the Spouse, the Qualified Election must acknowledge that the Spouse has the right to limit consent to a specific Beneficiary, and a specific form of benefit, as applicable, and that the Spouse voluntarily elects to relinquish either or both of such rights.
- 9.03** One-year marriage rule. The Employer may elect under AA §9-5(b), for purposes of identifying a Beneficiary under Section 7.07(c) and for purposes of applying the spousal consent rules under this Section 9, that an individual will not be considered the surviving Spouse of the Participant if the Participant and the surviving Spouse have not been married for the entire one-year period ending on the date of the Participant's death.

SECTION 10
PLAN ACCOUNTING AND INVESTMENTS

10.01 **Participant Accounts.** The Plan Administrator will maintain a separate Account for each Participant to reflect the Participant's entire interest under the Plan. The Plan Administrator may maintain any (or all) of the following separate sub-Accounts:

- Employer Contribution Account
- Matching Contribution Account
- After-Tax Employee Contribution Account
- Rollover Contribution Account
- Transfer Account.

In addition, if this Plan qualifies as a Grandfathered 401(k) Arrangement (as designated under AA §2-3 of the Profit Sharing Plan Adoption Agreement), the Plan Administrator may also maintain the following separate Accounts:

- Pre-Tax Salary Deferral Account
- Roth Deferral Account
- Roth Rollover Contribution Account

The Plan Administrator may establish other Accounts, as it deems necessary, for the proper administration of the Plan.

10.02 **Valuation of Accounts.** A Participant's portion of the Trust assets is determined as of each Valuation Date under the Plan. The value of a Participant's Account consists of the fair market value of the Participant's share of the Trust assets. The Trustee must value Plan assets at least annually. The Trustee's determination of the value of Trust assets shall be final and conclusive.

- (a) **Periodic valuation.** The Employer may elect under AA §11-1 or may elect operationally to value assets on a periodic basis. The Trustee and the Plan Administrator may adopt reasonable procedures for performing such valuations.
- (b) **Daily valuation.** The Employer may elect under AA §11-1 or may elect operationally to value assets on a daily basis. The Plan Administrator may adopt reasonable procedures for performing such valuations. Unless otherwise set forth in the written procedures, a daily valued Plan will have its assets valued at the end of each business day during which the New York Stock Exchange is open. The Plan Administrator has authority to interpret the provisions of this Plan in the context of a daily valuation procedure. This includes, but is not limited to, the determination of the value of the Participant's Account for purposes of Participant loans, distribution and consent rights, and corrective distributions.
- (c) **Interim valuations.** The Plan Administrator may request the Trustee to perform interim valuations.

10.03 **Adjustments to Participant Accounts.** Unless the Plan Administrator adopts other reasonable administrative procedures, as of each Valuation Date under the Plan, each Participant's Account is adjusted in the following manner.

- (a) **Distributions and forfeitures from a Participant's Account.** A Participant's Account will be reduced by any distributions, forfeitures and other reductions from the Account since the previous Valuation Date.
- (b) **Life insurance premiums and dividends.** A Participant's Account will be reduced by the amount of any life insurance premium payments under the Plan made for the benefit of the Participant since the previous Valuation Date. The Account will be credited with any dividends or credits paid on any life insurance policy held by the Trust for the benefit of the Participant.
- (c) **Contributions and forfeitures allocated to a Participant's Account.** A Participant's Account will be credited with any contribution, forfeiture or other additions allocated to the Participant since the previous Valuation Date.
- (d) **Net income or loss.** A Participant's Account will be adjusted for any net income or loss in accordance with any reasonable procedures that the Plan Administrator may establish. Such procedures may be reflected in a funding agreement governing the applicable investments under the Plan. To the extent the Plan Administrator does not establish separate written procedures, net income or loss will be allocated to Participants' Accounts in accordance with the following provisions.
 - (1) **Net income or loss attributable to General Trust Account.** To the extent a Participant's Account is invested as part of a General Trust Account, such Account is adjusted for its allocable share of net income or loss experienced by the General Trust Account. The net income or loss of the General Trust Account is allocated to the Participant Accounts in the ratio that each Participant's Account bears to all Accounts, based on the value of each Participant's Account as of the prior Valuation Date, as adjusted in subsections (a) - (c) above. In determining Participant Account Balances as of the prior Valuation Date, the Employer may apply a weighted

average method that credits each Participant's Account with a portion of the contributions made since the prior Valuation Date. The Plan's investment procedures may designate the specific type(s) of contributions eligible for a weighted allocation of net income or loss and may designate alternative methods for determining the weighted allocation. If the Employer elects to apply a weighted average method, such method will be applied uniformly to all Participant Accounts under the General Trust Account.

- (2) **Net income or loss attributable to a Directed Account.** If the Participant or Beneficiary is entitled to direct the investment of all or part of his/her Account (see Section 10.07), the Account (or the portion of the Account which is subject to such direction) will be maintained as a Directed Account, which reflects the value of the directed investments as of any Valuation Date. The assets held in a Directed Account may be (but are not required to be) segregated from the other investments held in the Trust. Net income or loss attributable to the investments made by a Directed Account is allocated to such Account in a manner that reasonably reflects the investment experience of such Directed Account. Where a Directed Account reflects segregated investments, the manner of allocating net income or loss shall not result in a Participant (or Beneficiary) being entitled to distribution from the Directed Account that exceeds the value of such Account as of the date of distribution.

10.04 Share or unit accounting. The Plan's investment procedures may provide for share or unit accounting to reflect the value of Accounts, if such method is appropriate for the investments allocable to such Accounts.

10.05 Suspense accounts. The Plan's investment procedures also may provide for special valuation procedures for suspense accounts that are properly established under the Plan.

10.06 Investments under the Plan.

- (a) **Investment options.** The Trustee or other person(s) responsible for the investment of Plan assets is authorized to invest Plan assets in any prudent investment. Investment options include, but are not limited to, the following:
- common and preferred stock or other equity securities (including stock bought and sold on margin);
 - corporate bonds;
 - open-end or closed-end mutual funds (including funds for which a Volume Submitter Sponsor, Trustee, or affiliate serves as investment advisor or other capacity);
 - money market accounts;
 - certificates of deposit;
 - debentures;
 - commercial paper;
 - put and call options;
 - limited partnerships;
 - mortgages;
 - U.S. Government obligations, including U.S. Treasury notes and bonds;
 - real and personal property having a ready market;
 - life insurance or annuity policies;
 - commodities;
 - savings accounts;
 - notes; and
 - securities issued by the Trustee and/or its affiliates, as permitted by law.
- (b) **Common/collective trusts and collectibles.** Plan assets may also be invested in a common/collective trust fund, or in a group trust fund that satisfies the requirements of IRS Revenue Ruling 81-100 (as modified by Rev. Rul. 2004-67 and Rev. Rul. 2011-1). All of the terms and provisions of any such common/collective trust fund or group trust into which Plan assets are invested are incorporated by reference into the provisions of the Trust for this Plan. No portion of any voluntary, tax deductible Employee contributions being held under the Plan (or any earnings thereon) may be invested in life insurance contracts or, as with any Participant-directed investment, in tangible personal property characterized by the IRS as a collectible.

10.07 Participant-directed investments. If the Plan (by election in AA §C-1 or under separate investment procedures) permits Participant direction of investments, each Participant shall have the exclusive right, in accordance with the provisions of the Plan, to direct the investment by the Trustee of all or a portion of the amounts allocated to the separate Accounts of the Participant under the Plan. All investment directions by Participants shall be timely furnished to the Trustee by the Plan Administrator, except to the extent such directions are transmitted electronically or otherwise by Participants directly to the Trustee or its delegate in accordance with rules and procedures established and approved by the Plan Administrator and communicated to the Trustee. In

making any investment of Plan assets, the Trustee shall be fully entitled to rely on such directions furnished to it by the Plan Administrator or by Participants in accordance with the Plan Administrator's approved rules and procedures, and shall be under no duty to make any inquiry or investigation with respect thereto. Except as otherwise provided in this Plan, neither the Trustee, the Employer, nor any other fiduciary of the Plan will be liable to the Participant for any loss resulting from action taken at the direction of the Participant. (A reference to Participant under this Section 10.07 also applies to any Beneficiary or Alternate Payee eligible to direct investments under the Plan.)

- (a) **Limits on participant investment direction.** The Employer may elect under AA §C-1 or under separate investment procedures to limit Participant direction of investment to specific types of contributions or with respect to specific investment options. If Participant investment direction is limited to specific investment options, it shall be the sole and exclusive responsibility of the Employer or Plan Administrator to select the investment options, and the Trustee shall not be responsible for selecting or monitoring such investment options, unless the Trustee has otherwise agreed in writing. In no case may Participants direct that investments be made in collectibles, other than U.S. Government or State issued gold and silver coins. (See Section 10.03(d)(2) for rules regarding allocation of net income or loss to a Directed Account.)
- (b) **Failure to direct investment.** If Participant direction of investments is permitted, the Plan Administrator will designate how accounts will be invested in the absence of proper affirmative direction from the Participant. The Plan or Plan Administrator may designate a default fund under the Plan in which the Trustee shall deposit contributions to the Trust on behalf of Participants who have been identified by the Plan Administrator as having not specified investment choices under the Plan. If the Trustee receives any contribution under the Plan that is not accompanied by instructions directing its investment, the Trustee shall immediately notify the Plan Administrator of that fact, and the Trustee may, in its discretion, hold all or a portion of the contribution uninvested without liability for loss of income or appreciation pending receipt of proper investment directions.
- (c) **Trustee to follow Participant direction.** To the extent the Plan allows Participant direction of investment, the Trustee is authorized to follow the Participant's written direction (or other form of direction deemed acceptable by the Trustee). A Directed Account will be established for the portion of the Participant's Account that is subject to Participant direction of investment. The Trustee may decline to follow a Participant's investment direction to the extent such direction would:
- (1) result in a prohibited transaction;
 - (2) cause the assets of the Plan to be maintained outside the jurisdiction of the U.S. courts;
 - (3) jeopardize the Plan's tax qualification;
 - (4) be contrary to the Plan's governing documents;
 - (5) cause the assets to be invested in collectibles within the meaning of Code §408(m);
 - (6) generate unrelated business taxable income; or
 - (7) result (or could result) in a loss exceeding the value of the Participant's Account.

The Trustee will not be responsible for any loss or expense resulting from a failure to follow a Participant's direction in accordance with the requirements of this paragraph. Participant directions will be processed as soon as administratively practicable following receipt of such directions by the Trustee. The Trustee, Plan Administrator, or Employer will not be liable for a delay in the processing of a Participant direction that is caused by a legitimate business reason (including, but not limited to, a failure of computer systems or programs, failure in the means of data transmission, the failure to timely receive values or prices, or other unforeseen problems outside of the control of the Trustee, Plan Administrator, or Employer).

10.08 Investment in Life Insurance. A group or individual life insurance policy purchased by the Plan may be issued on the life of a Participant, a Participant's Spouse, a Participant's child or children, a family member of the Participant, or any other individual with an insurable interest. If this Plan is a money purchase plan, a life insurance policy may only be issued on the life of the Participant. A life insurance policy includes any type of policy, including a second-to-die policy, provided that the holding of a particular type of policy is not prohibited under rules applicable to qualified plans.

Any premiums on life insurance held for the benefit of a Participant will be charged against such Participant's vested Account Balance. Unless directed otherwise, the Plan Administrator will reduce each of the Participant's Accounts under the Plan equally to pay premiums on life insurance held for such Participant's benefit. Any premiums paid for life insurance policies must satisfy the incidental life insurance rules under subsection (a).

- (a) **Incidental Life Insurance Rules.** Any life insurance purchased under the Plan must meet the following requirements:
- (1) **Ordinary life insurance policies.** The aggregate premiums paid for ordinary life insurance policies (i.e., policies with both nondecreasing death benefits and nonincreasing premiums) for the benefit of a Participant must be at any time less than 50% of the aggregate amount of Employer Contributions (including Salary Deferrals) and forfeitures that have been allocated to the Account of such Participant.
 - (2) **Life insurance policies other than ordinary life.** The aggregate premiums paid for term, universal or other life insurance policies (other than ordinary life insurance policies) for the benefit of a Participant shall not at any time exceed 25% of the aggregate amount of Employer Contributions (including Salary Deferrals) and forfeitures that have been allocated to the Account of such Participant.
 - (3) **Combination of ordinary and other life insurance policies.** The sum of one-half (½) of the aggregate premiums paid for ordinary life insurance policies plus all the aggregate premiums paid for any other life insurance policies for the benefit of a Participant shall not at any time exceed 25% of the aggregate amount of Employer Contributions (including Salary Deferrals) and forfeitures which have been allocated to the Account of such Participant.
 - (4) **Exception for certain Profit Sharing Plans.** If the Plan is a Profit Sharing Plan, the limitations in this Section do not apply to the extent life insurance premiums are paid only with Employer Contributions and forfeitures that have been accumulated in the Participant's Account for at least two years or are paid with respect to a Participant who has been a Participant for at least five years. For purposes of applying this special limitation, Employer Contributions do not include any Salary Deferrals, QMACs, QNECs or Safe-Harbor Contributions under a 401(k) plan.
 - (5) **Exception for After-Tax Employee Contributions and Rollover Contributions.** The Plan Administrator also may invest, with the Participant's consent, any portion of the Participant's After-Tax Employee Contribution Account or Rollover Contribution Account in a group or individual life insurance policy for the benefit of such Participant, without regard to the incidental life insurance rules under this Section.
- (b) **Ownership of Life Insurance Policies.** The Trustee is the owner of any life insurance policies purchased under the Plan. Any life insurance policy purchased under the Plan must designate the Trustee as owner and beneficiary under the policy. The Trustee will pay all proceeds of any life insurance policies to the Beneficiary of the Participant for whom such policy is held in accordance with the distribution provisions under Section 7. In no event shall the Trustee retain any part of the proceeds from any life insurance policies for the benefit of the Plan.
- (c) **Evidence of Insurability.** Prior to purchasing a life insurance policy, the Plan Administrator may require the individual whose life is being insured to provide evidence of insurability, such as a physical examination, as may be required by the Insurer.
- (d) **Distribution of Insurance Policies.** Life insurance policies under the Plan, which are held on behalf of a Participant, must be distributed to the Participant or converted to cash upon the later of the Participant's Annuity Starting Date (as defined in Section 1.09) or termination of employment. Any life insurance policies that are held on behalf of a terminated Participant must continue to satisfy the incidental life insurance rules under subsection (a). If a life insurance policy is purchased on behalf of an individual other than the Participant, and such individual dies, the Participant may withdraw any or all life insurance proceeds from the Plan, to the extent such proceeds exceed the cash value of the life insurance policy determined immediately before the death of the insured individual.
- (e) **Discontinuance of Insurance Policies.** Investments in life insurance may be discontinued at any time, either at the direction of the Trustee or other fiduciary responsible for making investment decisions. If the Plan provides for Participant direction of investments, life insurance as an investment option may be eliminated at any time by the Plan Administrator. Where life insurance investment options are being discontinued, the Plan Administrator, in its sole discretion, may offer the sale of the insurance policies to the Participant, or to another person, provided that the prohibited transaction exemption requirements prescribed by the Department of Labor are satisfied.
- (f) **Protection of Insurer.** An Insurer (as defined in Section 1.58) that issues a life insurance policy under the terms of this Section 10.08, shall not be responsible for the validity of this Plan and shall be protected and held harmless for any actions taken or not taken by the Trustee or any actions taken in accordance with written directions from the Trustee or the Employer (or any duly authorized representatives of the Trustee or Employer). An Insurer shall have no obligation to determine the propriety of any premium payments or to guarantee the proper application of any payments made by the insurance company to the Trustee.

The Insurer is not and shall not be considered a party to this Plan and is not a fiduciary with respect to the Plan solely as a result of the issuance of life insurance policies under this Section 10.08.

- (g) **No Responsibility for Act of Insurer.** Neither the Employer, the Plan Administrator nor the Trustee shall be responsible for the validity of the provisions under a life insurance policy issued under this Section 10.08 or for the failure or refusal by the Insurer to provide benefits under such policy. The Employer, the Plan Administrator and the Trustee are also not responsible for any action or failure to act by the Insurer or any other person which results in the delay of a payment under the life insurance policy or which renders the policy invalid or unenforceable in whole or in part.

SECTION 11
PLAN ADMINISTRATION AND OPERATION

- 11.01 Plan Administrator.** The Employer is the Plan Administrator, unless the Employer designates in writing an alternative Plan Administrator. The Plan Administrator has the responsibilities described in this Section 11.
- 11.02 Designation of Alternative Plan Administrator.** The Employer may designate another person or persons as the Plan Administrator by name, by reference to the person or group of persons holding a particular position, by reference to a procedure under which the Plan Administrator is designated, or by reference to a person or group of persons charged with the specific responsibilities of Plan Administrator.
- (a) **Acceptance of responsibility by designated Plan Administrator.** If the Employer designates an alternative Plan Administrator, the designated Plan Administrator must accept its responsibilities in writing. The Employer and the designated Plan Administrator jointly will determine the time period for which the alternative Plan Administrator will serve.
 - (b) **Multiple alternative Plan Administrators.** If the Employer designated more than one person as an alternative Plan Administrator, such Plan Administrators shall act by majority vote, unless the group delegates particular Plan Administrator duties to a specific person.
 - (c) **Resignation or removal of designated Plan Administrator.** A designated Plan Administrator may resign by delivering a written notice of resignation to the Employer. The Employer may remove a designated Plan Administrator by delivering a written notice of removal. If a designated Plan Administrator resigns or is removed, and no new alternative Plan Administrator is designated, the Employer is the Plan Administrator.
 - (d) **Employer responsibilities.** If the Employer designates an alternative Plan Administrator, the Employer will provide in a timely manner all appropriate information necessary for the Plan Administrator to perform its duties. This information includes, but is not limited to, Participant compensation data, Employee employment, service and termination information, and other information the Plan Administrator may require. The Plan Administrator may rely on the accuracy of any information and data provided by the Employer.
 - (e) **Indemnification of Plan Administrator.** The Employer will indemnify, defend and hold harmless the Plan Administrator (including the individual members of any administrative committee appointed by the Employer to handle administrative functions of the Plan or any Employees who have administrative responsibility for the Plan) with respect to any liability, loss, damage or expense resulting from any act or omission (except willful misconduct or gross negligence) in their official capacities in the administration of this Trust or Plan, including attorney, accountant and advisory fees and all other expenses reasonably incurred in their defense.
- 11.03 Duties, Powers and Responsibilities of the Plan Administrator.** The Plan Administrator will administer the Plan for the exclusive benefit of the Plan Participants and Beneficiaries, and in accordance with the terms of the Plan. If the terms of the Plan are unclear, the Plan Administrator may interpret the Plan, provided such interpretation is consistent with the rules of Code §40. This right to interpret the Plan is an express grant of discretionary authority to resolve ambiguities in the Plan document and to make discretionary decisions regarding the interpretation of the Plan's terms, including who is eligible to participate under the Plan, and the benefit rights of a Participant or Beneficiary. Unless an interpretation or decision is determined to be arbitrary and capricious, the Plan Administrator will not be held liable for any interpretation of the Plan terms or decision regarding the application of a Plan provision.
- (a) **Delegation of duties, powers and responsibilities.** The Plan Administrator may delegate its duties, powers or responsibilities to one or more persons. Such delegation must be in writing and accepted by the person or persons receiving the delegation. The Employer must agree to such delegation by an alternative Plan Administrator.
 - (b) **Specific Plan Administrator responsibilities.** The Plan Administrator has the general responsibility to control and manage the operation of the Plan. This responsibility includes, but is not limited to, the following:
 - (1) To interpret and enforce the provisions of the Plan, including those related to Plan eligibility, vesting and benefits;
 - (2) To communicate with the Trustee and other responsible persons with respect to the crediting of Plan contributions, the disbursement of Plan distributions and other relevant matters;
 - (3) To develop separate procedures (if necessary) consistent with the terms of the Plan to assist in the administration of the Plan, including the adoption of a separate or modified loan policy (see Section 13), procedures for direction of investment by Participants (see Section 10.07), procedures for determining whether domestic

relations orders are QDROs, and procedures for the determination of investment earnings to be allocated to Participants' Accounts (see Section 10.03(d));

- (4) To maintain all records necessary for tax and other administration purposes;
- (5) To furnish and to file all appropriate notices, reports and other information to Participants, Beneficiaries, the Employer, the Trustee and government agencies (as necessary);
- (6) To provide information relating to Plan Participants and Beneficiaries;
- (7) To retain the services of other persons, including investment managers, attorneys, consultants, advisers and others, to assist in the administration of the Plan;
- (8) To review and decide on claims for benefits under the Plan; and
- (9) To correct any defect or error in the operation of the Plan;

11.04 Plan Administration Expenses.

- (a) **Reasonable Plan administration expenses.** All reasonable expenses related to plan administration will be paid from Plan assets, except to the extent the expenses are paid (or reimbursed) by the Employer. For this purpose, Plan expenses include, but are not limited to, all reasonable costs, charges and expenses incurred by the Trustee in connection with the administration of the Trust (including such reasonable compensation to the Trustee as may be agreed upon from time to time between the Employer or Plan Administrator and the Trustee and any fees for legal services rendered to the Trustee). If liquid assets of the Trust are insufficient to cover the fees of the Trustee or the Plan Administrator, then Trust assets shall be liquidated to the extent necessary for such fees. In the event any part of the Trust becomes subject to tax, all taxes incurred will be paid from the Trust.
- (b) **Plan expense allocation.** The Plan Administrator will allocate plan expenses among the accounts of Plan Participants. The Plan Administrator has authority to allocate these expenses either proportionally based on the value of the Account Balances or pro rata based on the number of Participants in the Plan. The Plan Administrator will determine the proper method for allocating expenses in accordance with such reasonable nondiscriminatory rules as the Plan Administrator deems appropriate under the circumstances. Unless the Plan Administrator decides otherwise, the following expenses will be allocated to the Participant's Account relative to which the expense is incurred: distribution expenses, including those relating to lump sums, installments, QDROs, hardship, in-service and required minimum distributions; loan expenses; participant direction expenses, including brokerage fees; and benefit calculations.
- (c) **Expenses related to administration of former Employee or surviving Spouse.** If the Plan is making distributions to a former Employee or surviving Spouse, the Plan may charge reasonable Plan administrative expenses to the Account of that former Employee or surviving Spouse, but only if the administrative expenses are on a pro rata basis. Under the pro rata basis, the expenses are based on the amount in each account of a former Employee or surviving Spouse receiving benefits from the Plan. The Plan Administrator may use another reasonable basis for charging the expenses.

11.05 Qualified Domestic Relations Orders (QDROs).

- (a) **In general.** Upon receipt of an order which appears to be a QDRO, the Plan Administrator will notify the Participant involved and each Alternate Payee under the order. The Plan Administrator will determine whether the order is a QDRO and will notify each affected individual of such determination. The Plan Administrator may use the default QDRO procedures set forth in subsection (h) below or may develop separate QDRO procedures for administering any QDROs submitted under the Plan.
- (b) **Definitions related to Qualified Domestic Relations Orders (QDROs).**
 - (1) **QDRO.** A QDRO is a domestic relations order that creates or recognizes the existence of an Alternate Payee's right to receive, or assigns to an Alternate Payee the right to receive, all or a portion of the benefits payable with respect to a Participant under the Plan. (See Code §414(p).) The QDRO must contain certain information and meet other requirements described in this Section 11.05.
 - (2) **Domestic relations order.** A domestic relations order is a judgment, decree, or order (including the approval of a property settlement) that is made pursuant to state domestic relations law (including community property law).
 - (3) **Alternate Payee.** An Alternate Payee must be a Spouse, former Spouse, child, or other dependent of a Participant.

- (c) **Recognition as a QDRO.** To be a QDRO, an order must be a domestic relations order (as defined in subsection (b)(2) above) that relates to the provision of child support, alimony payments, or marital property rights for the benefit of an Alternate Payee. The Plan Administrator is not required to determine whether the court or agency issuing the domestic relations order had jurisdiction to issue an order, whether state law is correctly applied in the order, whether service was properly made on the parties, or whether an individual identified in an order as an Alternate Payee is a proper Alternate Payee under state law.

Effective April 6, 2007, a domestic relations order otherwise meeting the requirements to be a QDRO shall not fail to be treated as a QDRO solely because:

- (1) the order is issued after, or revises, another domestic relations order or QDRO; or
- (2) of the time at which the order is issued, including orders issued after the death of the Participant.

Any QDRO described in this Section 11.05 shall be subject to the same requirements and protections which apply to QDROs under Code §414(p)(7).

- (d) **Contents of QDRO.** A QDRO must contain the following information:

- (1) the name and last known mailing address of the Participant and each Alternate Payee;
- (2) the name of each plan to which the order applies;
- (3) the dollar amount or percentage (or the method of determining the amount or percentage) of the benefit to be paid to the Alternate Payee; and
- (4) the number of payments or time period to which the order applies.

- (e) **Impermissible QDRO provisions.**

- (1) The order must not require the Plan to provide an Alternate Payee or Participant with any type or form of benefit, or any option, not otherwise provided under the Plan;
- (2) The order must not require the Plan to provide for increased benefits (determined on the basis of actuarial value);
- (3) The order must not require the Plan to pay benefits to an Alternate Payee that are required to be paid to another Alternate Payee under another order previously determined to be a QDRO; and
- (4) The order must not require the Plan to pay benefits to an Alternate Payee in the form of a Qualified Joint and Survivor Annuity for the lives of the Alternate Payee and his or her subsequent Spouse.

- (f) **Immediate distribution to Alternate Payee.** Even if a Participant is not eligible to receive an immediate distribution from the Plan, an Alternate Payee may receive a QDRO benefit immediately in a lump sum, provided such distribution is consistent with the QDRO provisions.

- (g) **Fee for QDRO determination.** The Plan Administrator may condition the making of a QDRO determination on the payment of a fee by a Participant or an Alternate Payee (either directly or as a charge against the Participant's Account).

- (h) **Default QDRO procedure.** If the Plan Administrator chooses this default QDRO procedure or if the Plan Administrator does not establish a separate QDRO procedure, this subsection (h) will apply as the procedure the Plan Administrator will use to determine whether a domestic relations order is a QDRO. This default QDRO procedure incorporates the requirements set forth below.

- (1) **Access to information.** The Plan Administrator will provide access to Plan and Participant benefit information sufficient for a prospective Alternate Payee to prepare a QDRO. Such information might include the summary plan description, other relevant plan documents, and a statement of the Participant's benefit entitlements. The disclosure of this information is conditioned on the prospective Alternate Payee providing to the Plan Administrator information sufficient to reasonably establish that the disclosure request is being made in connection with a domestic relations order.

- (2) **Notifications to Participant and Alternate Payee.** The Plan Administrator will promptly notify the affected Participant and each Alternate Payee named in the domestic relations order of the receipt of the order. The Plan Administrator will send the notification to the address included in the domestic relations order. Along with the notification, the Plan Administrator will provide a copy of the Plan’s procedures for determining whether a domestic relations order is a QDRO.
- (3) **Alternate Payee representative.** The prospective Alternate Payee may designate a representative to receive copies of notices and Plan information that are sent to the Alternate Payee with respect to the domestic relations order.
- (4) **Evaluation of domestic relations order.** Within a reasonable period of time, the Plan Administrator will evaluate the domestic relations order to determine whether it is a QDRO. A reasonable period will depend on the specific circumstances. The domestic relations order must contain the information described in subsection (d). If the order is only deficient in a minor respect, the Plan Administrator may supplement information in the order from information within the Plan Administrator’s control or through communication with the prospective Alternate Payee.
- (i) **Separate accounting.** Upon receipt of a domestic relations order, the Plan Administrator will separately account for and preserve the amounts that would be payable to an Alternate Payee until a determination is made with respect to the status of the order. During the period in which the status of the order is being determined, the Plan Administrator will take whatever steps are necessary to ensure that amounts that would be payable to the Alternate Payee, if the order were a QDRO, are not distributed to the Participant or any other person. The separate accounting requirement may be satisfied, at the Plan Administrator’s discretion, by a segregation of the assets that are subject to separate accounting.
- (ii) **Separate accounting until the end of 18 month period.** The Plan Administrator will continue to separately account for amounts that are payable under the QDRO until the end of an 18-month period. The 18-month period will begin on the first date following the Plan’s receipt of the order upon which a payment would be required to be made to an Alternate Payee under the order. If, within the 18-month period, the Plan Administrator determines that the order is a QDRO, the Plan Administrator must pay the Alternate Payee in accordance with the terms of the QDRO. If, however, the Plan Administrator determines within the 18-month period that the order is not a QDRO, or, if the status of the order is not resolved by the end of the 18-month period, the Plan Administrator may pay out the amounts otherwise payable under the order to the person or persons who would have been entitled to such amounts if there had been no order. If the order is later determined to be a QDRO, the order will apply only prospectively; that is, the Alternate Payee will be entitled only to amounts payable under the order after the subsequent determination.
- (iii) **Preliminary review.** The Plan Administrator will perform a preliminary review of the domestic relations order to determine if it is a QDRO. If this preliminary review indicates the order is deficient in some manner, the Plan Administrator will allow the parties to attempt to correct any deficiency before issuing a final decision on the domestic relations order. The ability to correct is limited to a reasonable period of time.
- (iv) **Notification of determination.** The Plan Administrator will notify in writing the Participant and each Alternate Payee of the Plan Administrator’s decision as to whether a domestic relations order is a QDRO. In the case of a determination that an order is not a QDRO, the written notice will contain the following information:
- (A) references to the Plan provisions on which the Plan Administrator based its decision;
- (B) an explanation of any time limits that apply to rights available to the parties under the Plan (such as the duration of any protective actions the Plan Administrator will take); and
- (C) a description of any additional material, information, or modifications necessary for the order to be a QDRO and an explanation of why such material, information, or modifications are necessary.
- (v) **Treatment of Alternate Payee.** If an order is accepted as a QDRO, the Plan Administrator will act in accordance with the terms of the QDRO as if it were a part of the Plan. Except as designated otherwise under this subsection (v), an Alternate Payee will be considered a Beneficiary under the Plan and be afforded the same rights as a Beneficiary. The Plan Administrator will provide any appropriate

disclosure information relating to the Plan to the Alternate Payee. In determining the rights of an Alternate Payee, unless designated otherwise under AA §C-4(b), the following rules apply:

- (A) **Loans.** An Alternate Payee is not permitted to take a loan from the Plan.
- (B) **Death benefits.** If an Alternate Payee dies prior to receiving the entire amount designated under the QDRO, such benefits will be paid in accordance with Section 7.07, treating the Alternate Payee as the Beneficiary. If the Alternate Payee dies without a designated Beneficiary, the benefits will be paid to the Alternate Payee's estate. Any death benefit will be paid in a single sum as soon as administratively feasible after the Alternate Payee's death.
- (C) **Direction of investments.** An Alternate Payee has the right to direct the investment of the portion of the Participant's benefit that is segregated for the Alternate Payee's benefit pursuant to a QDRO in the same manner as the Participant.

11.06 Claims Procedure. The Plan Administrator may establish procedures for administering benefit claims. Such benefit claims procedures should provide claimants with a reasonable opportunity to have a full and fair review of a denied claim. The Plan Administrator is authorized to conduct an examination of the relevant facts to determine the merits of a Participant's or Beneficiary's claim for Plan benefits. Any claims procedure will incorporate the guidelines under this Section 11.06. To the extent any of the time periods specified in this Section 11.06 are amended by law or Department of Labor regulations, the time frames specified herein shall automatically be changed in accordance with such law or regulation.

SECTION 12
TRUST PROVISIONS

12.01 **Establishment of Trust.** In conjunction with the establishment of this Plan, the Employer and the Trustee agree to establish and maintain a domestic Trust in the United States consisting of such sums as shall from time to time be paid to the Trustee under the Plan and such earnings, income and appreciation as may accrue thereon. The Trustee shall carry out the duties and responsibilities herein specified, but shall be under no duty to determine whether the amount of any contribution by the Employer or any Participant is in accordance with the terms of the Plan.

The Trust shall be held, invested, reinvested and administered by the Trustee in accordance with the terms of the Plan and this Agreement solely in the interest of Participants and their Beneficiaries and for the exclusive purpose of providing benefits to Participants and their Beneficiaries and defraying reasonable expenses of administering the Plan. Except as provided in Section 15.02, no assets of the Plan shall inure to the benefit of the Employer.

12.02 **Types of Trustees.** The Trustee identified in the Trustee Declaration page under the Adoption Agreement shall act either as a Directed Trustee or as a Discretionary Trustee, as designated on the Trustee Declaration page.

(a) **Directed Trustee.** A Directed Trustee is subject to the direction of the Plan Administrator, the Employer, a properly appointed investment manager, or Plan Participant. A Directed Trustee does not have any discretionary authority with respect to the investment of Plan assets. In addition, a Directed Trustee is not responsible for the propriety of any directed investment made pursuant to this Section and shall not be required to consult or advise the Employer regarding the investment quality of any directed investment held under the Plan.

(1) **Delegation of powers.** The Directed Trustee shall be advised in writing regarding the retention of investment powers by the Employer or the appointment of an investment manager with power to direct the investment of Plan assets. Any such delegation of investment powers will remain in force until such delegation is revoked or amended in writing. The Employer is deemed to have retained investment powers under this subsection to the extent the Employer directs the investment of Participant Accounts for which affirmative investment direction has not been received.

(2) **Direction of Trustee.** Any investment direction shall be made in writing by the Employer, investment manager, as applicable. A Directed Trustee must act solely in accordance with the direction of the Plan Administrator, the Employer, any employees or agents of the Employer, a properly appointed investment manager or other authorized person, or Plan Participants. (See Section 10.07 for a discussion of the Trustee's responsibilities with regard to Participant directed investments.)

(3) **Restriction on Trustee.** The Employer may direct the Directed Trustee to invest in any media in which the Trustee may invest, as described in Section 12.03(b). However, the Employer may not borrow from the Trust or pledge any of the assets of the Trust as security for a loan to itself; buy property or assets from or sell property or assets to the Trust; charge any fee for services rendered to the Trust; or receive any services from the Trust on a preferential basis.

(b) **Discretionary Trustee.** A Discretionary Trustee has exclusive authority and discretion with respect to the investment, management or control of Plan assets. Notwithstanding a Trustee's designation as a Discretionary Trustee, a Trustee's discretion is limited, and the Trustee shall be considered a Directed Trustee, to the extent the Trustee is subject to the direction of the Plan Administrator, the Employer, a properly appointed investment manager, under an agreement between the Plan Administrator and the Trustee. A Trustee also is considered a Directed Trustee to the extent the Trustee is subject to investment direction of Plan Participants. (See Section 10.07 for a discussion of the Trustee's responsibilities with regard to Participant-directed investments.)

12.03 **Responsibilities of the Trustee.** In addition to the powers, rights and responsibilities enumerated under this Section, the Trustee has all powers necessary to carry out its duties in a prudent manner. The Trustee's powers, rights and responsibilities may be modified, supplemented or limited by a separate trust agreement, investment policy, funding agreement, or other binding document entered into between the Trustee and the Plan Administrator or Employer. Such binding document must designate the Trustee's responsibilities with respect to the Plan. A separate trust agreement, investment policy, funding agreement, or other binding document must be consistent with the terms of this Plan and must comply with all qualification requirements under the Code and regulations. To the extent the exercise of any power, right or responsibility is subject to discretion, such exercise by a Directed Trustee must be made at the direction of the Plan Administrator, the Employer, an investment manager, or Plan Participant.

(a) Responsibilities regarding administration of Trust.

- (1) The Trustee, the Employer and the Plan Administrator shall each discharge their assigned duties and responsibilities under this Agreement and the Plan solely in the interest of Participants and their Beneficiaries in the following manner:
 - (i) for the exclusive purpose of providing benefits to Participants and their Beneficiaries and defraying reasonable expenses of administering the Plan;
 - (ii) with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; and
 - (iii) by diversifying the available investments under the Plan so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.
- (2) The Trustee will receive all contributions, earnings and other amounts made to and under the terms of the Plan. The Trustee is not obligated in any manner to ensure that such amounts are correct in amount or that such amounts comply with the terms of the Plan or the Code. The Trustee is not liable for the manner in which such amounts are deposited or the allocation between Participant's Accounts, to the extent the Trustee follows the written direction of the Plan Administrator or Employer.
- (3) The Trustee will make distributions from the Trust in accordance with the written directions of the Plan Administrator or other authorized representative. To the extent the Trustee follows such written direction, the Trustee is not obligated in any manner to ensure a distribution complies with the terms of the Plan, that a Participant or Beneficiary is entitled to such a distribution, or that the amount distributed is proper under the terms of the Plan. If there is a dispute as to a payment from the Trust, the Trustee may decline to make payment of such amounts until the proper payment of such amounts is determined by a court of competent jurisdiction, or the Trustee has been indemnified to its satisfaction.
- (4) The Trustee may employ agents, attorneys, accountants and other third parties to provide counsel on behalf of the Plan, where the Trustee deems advisable. The Trustee may reimburse such persons from the Trust for reasonable expenses and compensation incurred as a result of such employment. The Trustee shall not be liable for the actions of such persons, provided the Trustee acted prudently in the employment and retention of such persons. In addition, the Trustee will not be liable for any actions taken as a result of good faith reliance on the advice of such persons.
- (5) The Trustee shall keep full and accurate accounts of all receipts, investments, disbursements and other transactions hereunder, including such specific records as may be agreed upon in writing between the Employer and the Trustee. All such accounts, books and records shall be open to inspection and audit at all reasonable times by any authorized representative of the Trustee or the Plan Administrator. A Participant may examine only those individual account records pertaining directly to him.
- (6) Except as provided in Section 15.02, at no time prior to the satisfaction of all liabilities with respect to Participants and their Beneficiaries under the Plan shall any part of the corpus or income of the Fund be used for, or diverted to, purposes other than for the exclusive benefit of Participants or their Beneficiaries, or for defraying reasonable expenses of administering the Plan.

(b) Responsibilities regarding investment of Plan assets.

- (1) The Trustee shall be responsible for holding the assets of the Trust in accordance with the provisions of this Plan.
- (2) The Trustee may invest and reinvest, manage and control the Plan assets in a manner that is consistent with the Plan's funding policy and investment objectives of the Plan. The Trustee may invest in any investment, as authorized under this subsection (b), which the Trustee deems advisable and prudent, subject to the proper written direction of the Plan Administrator, the Employer, a properly appointed investment manager, or a Plan Participant. The Trustee is not liable for the investment of Plan assets to the extent the Trustee is following the proper direction of the Plan Administrator, the Employer, a Participant, an Investment manager, or other person or persons duly appointed by the Employer to provide investment direction. In addition, the Trustee does not guarantee the Trust in any manner against investment loss or depreciation in asset value, or guarantee the adequacy of the Trust to meet and discharge any or all liabilities of the Plan.

- (3) The Trustee may hold any securities or other property in the name of the Trustee or in the name of the Trustee's nominee, and may hold any investments in bearer form, provided the books and records of the Trustee at all times show such investment to be part of the Trust.
- (4) The Trustee may retain such portion of the Plan assets in cash or cash balances as the Trustee may, from time to time, deem to be in the best interests of the Plan, without liability for interest thereon.
- (5) The Trustee may collect and receive any and all moneys and other property due the Plan and to settle, compromise, or submit to arbitration any claims, debts, or damages with respect to the Plan, and to commence or defend on behalf of the Plan any lawsuit, or other legal or administrative proceedings.
- (6) The Trustee may pay expenses out of Plan assets as necessary to administer the Trust and as authorized under the Plan.
- (7) The Trustee may borrow or raise money on behalf of the Plan in such amount, and upon such terms and conditions, as the Trustee deems advisable. The Trustee may issue a promissory note as Trustee to secure the repayment of such amounts and may pledge all, or any part, of the Trust as security.
- (8) The Trustee is authorized to execute, acknowledge and deliver all documents of transfer and conveyance, receipts, releases, and any other instruments that the Trustee deems necessary or appropriate to carry out its powers, rights and duties hereunder.
- (9) The Trustee, upon the written direction of the Plan Administrator, is authorized to enter into a transfer agreement with the Trustee of another qualified retirement plan and to accept a transfer of assets from such retirement plan on behalf of any Employee of the Employer. The Trustee is also authorized, upon the written direction of the Plan Administrator, to transfer some or all of a Participant's vested Account Balance to another qualified retirement plan on behalf of such Participant. A transfer agreement entered into by the Trustee does not affect the Plan's status as a Volume Submitter Plan.
- (10) If the Employer maintains more than one Plan, the assets of such Plans may be commingled for investment purposes. The Trustee must separately account for the assets of each Plan. A commingling of assets does not cause the Trusts maintained with respect to the Employer's Plans to be treated as a single Trust, except as provided in a separate document authorized in the first paragraph of this Section 12.03.
- (11) If the Trustee is a bank or similar financial institution, the Trustee is authorized to invest in any type of deposit of the Trustee (including its own money market fund) at a reasonable rate of interest.
- (12) The Trustee is authorized to invest Plan assets in a common/collective trust fund, or in a group trust fund that satisfies the requirements of IRS Revenue Ruling 81-100, as clarified by Revenue Ruling 2004-67. All of the terms and provisions of any such common/collective trust fund or group trust into which Plan assets are invested are incorporated by reference into the provisions of the Trust for this Plan. The assets in a group trust may be pooled with the assets of a custodial account under Code §403(b)(7), a retirement income account under Code §403(b)(9), and Code §401(a)(24) governmental plans without affecting the tax status of the group trust, subject to the requirements under Rev. Rul. 2011-1 (as modified by Notice 2012-6).

12.04 **Responsibilities of the Employer.** The Employer will provide to the Trustee written notification of the appointment of any person or persons as Plan Administrator or investment manager and the names, titles and authorities of any individuals who are authorized to act on behalf of such persons. The Trustee shall be entitled to rely upon such information until it receives written notice of a change in such appointments or authorizations.

The Employer may authorize the Trustee to enter into a merger agreement with the Trustee of another plan to effect such merger or consolidation. A merger agreement entered into by the Trustee is not part of this Plan and does not affect the assets transferred to this Plan from another plan.

12.05 **Effect of Plan Amendment.** Any amendment that affects the rights, duties or responsibilities of the Trustee or Plan Administrator may only be made with the Trustee's or Plan Administrator's written consent. Any amendment to the Plan must be in writing and a copy of the resolution (or similar instrument) setting forth such amendment (with the applicable effective date of such amendment) must be delivered to the Trustee.

12.06 **More than One Trustee.** If the Plan has more than one person acting as Trustee, the Trustees may allocate the Trustee responsibilities by mutual agreement. The Trustees may agree to make decisions by a majority vote or may permit any one of the Trustees to make any decision, undertake any action or execute any documents affecting this Trust without the approval of

the remaining Trustees. The Trustees may agree to the allocation of responsibilities in a separate trust agreement or other binding document.

- 12.07** **Annual Valuation.** The Plan assets will be valued at least on an annual basis. The Employer may designate more frequent Valuation Dates under AA §11-1. Notwithstanding any election under AA §11-1, the Trustee and Plan Administrator may agree to value the Trust on a more frequent basis, and/or to perform an interim valuation of the Trust.
- 12.08** **Reporting to Plan Administrator and Employer.** Within a reasonable time after the end of each Plan Year or within a reasonable time after its removal or resignation, the Trustee shall file with the Plan Administrator a written account of the administration of the Trust showing all transactions effected by the Trustee from the last preceding accounting to the end of such Plan Year or date of removal or resignation. The accounting will include a statement of cash receipts, disbursements and other transactions effected by the Trustee since the date of its last accounting, and such further information as the Trustee and/or Employer deems appropriate. Upon approval of such accounting by the Plan Administrator, neither the Employer nor the Plan Administrator shall be entitled to any further accounting by the Trustee. The Trustee shall have a reasonable time following its receipt of a written disapproval from the Employer to provide the Employer with a written explanation of the terms in question. If the Employer again disapproves of the accounting, the Trustee may file its accounting with a court of competent jurisdiction for audit and adjudication.
- 12.09** **Reasonable Compensation.** The Trustee shall be paid reasonable compensation in an amount agreed upon by the Plan Administrator and Trustee. The Trustee also will be reimbursed for any reasonable expenses or fees incurred in its function as Trustee. An individual Trustee who is already receiving full-time pay as an Employee of the Employer may not receive any additional compensation for services as Trustee. The Plan will pay the reasonable compensation and expenses incurred by the Trustee, unless the Employer pays such compensation and expenses. Any compensation or expense paid directly by the Employer to the Trustee is not an Employer Contribution to the Plan.
- 12.10** **Resignation and Removal of Trustee.** The Trustee may resign at any time by delivering to the Employer a written notice of resignation at least thirty (30) days prior to the effective date of such resignation, unless the Employer consents in writing to a shorter notice period. The Employer and Trustee may agree to a longer notification period prior to the resignation of the Trustee. The Employer may remove the Trustee at any time, with or without cause, by delivering written notice to the Trustee at least 30 days prior to the effective date of such removal. The Employer may remove the Trustee upon a shorter written notice period if the Employer reasonably determines such shorter period is necessary to protect Plan assets or to ensure the Plan is being operated for the exclusive benefit of Participants and their Beneficiaries. Upon the resignation, removal, death or incapacity of a Trustee, the Employer may appoint a successor Trustee which, upon accepting such appointment, will have all the powers, rights and duties conferred upon the preceding Trustee. In the event there is a period of time following the effective date of a Trustee's removal or resignation before a successor Trustee is appointed, the Employer is deemed to be the Trustee. During such period, the Trust continues to be in existence and legally enforceable, and the assets of the Plan shall continue to be protected by the provisions of the Trust.
- 12.11** **Indemnification of Trustee.** Except to the extent that it is judicially determined that the Trustee has acted with gross negligence or willful misconduct, the Employer shall indemnify the Trustee (whether or not the Trustee has resigned or been removed) against any liabilities, losses, damages, and expenses, including attorney, accountant, and other advisory fees, incurred as a result of:
- (a) any action of the Trustee taken in good faith in accordance with any information, instruction, direction, or opinion given to the Trustee by the Employer, the Plan Administrator, investment manager, or legal counsel of the Employer, or any person or entity appointed by any of them and authorized to give any information, instruction, direction, or opinion to the Trustee;
 - (b) the failure of the Employer, the Plan Administrator, investment manager, or any person or entity appointed by any of them to make timely disclosure to the Trustee of information which any of them or any appointee knows or should know if it acted in a reasonably prudent manner; or
 - (c) any breach of fiduciary duty by the Employer, the Plan Administrator, investment manager, or any person or entity appointed by any of them, other than such a breach which is caused by any failure of the Trustee to perform its duties under this Trust.
- 12.12** **Liability of Trustee.** The duties and obligations of the Trustee shall be limited to those expressly imposed upon it by this Plan document and Trust or as subsequently agreed upon by the parties. Responsibility for administrative duties required under the Plan or applicable law not expressly imposed upon or agreed to by the Trustee shall rest solely with the Plan Administrator and the Employer.

The Employer agrees that the Trustee shall have no liability with regard to the investment or management of illiquid Plan assets transferred from a prior Trustee, and shall have no responsibility for investments made before the transfer of Plan assets to it, or

for the viability or prudence of any investment made by a prior Trustee, including those represented by assets now transferred to the custody of the Trustee, or for any dealings whatsoever with respect to Plan assets before the transfer of such assets to the Trustee. The Employer shall indemnify and hold the Trustee harmless for any and all claims, actions or causes of action for loss or damage, or any liability whatsoever relating to the assets of the Plan transferred to the Trustee by any prior Trustee of the Plan, including any liability arising out of or related to any act or event, including prohibited transactions, occurring prior to the date the Trustee accepts such assets, including all claims, actions, causes of action, loss, damage, or any liability whatsoever arising out of or related to that act or event, although that claim, action, cause of action, loss, damage, or liability may not be asserted, may not have accrued, or may not have been made known until after the date the Trustee accepts the Plan assets. Such indemnification shall extend to all applicable periods, including periods for which the Plan is retroactively restated to comply with any tax law or regulation.

- 12.13 Appointment of Custodian.** The Plan Administrator may appoint a Custodian to hold all or any portion of the Plan assets. A Custodian has the powers, rights and responsibilities similar to those of a Directed Trustee. The Custodian will be protected from any liability with respect to actions taken pursuant to the direction of the Trustee, Plan Administrator, the Employer, an investment manager, or other third party with authority to provide direction to the Custodian. The Custodian may designate its acceptance of the responsibilities and obligations described under this Plan document by executing the Trustee Declaration Page. The Employer also may enter into a separate agreement with the Custodian. Such separate agreement must be consistent with the responsibilities and obligations set forth in this Plan document. If there is no Custodian that will be executing the Trustee Declaration, the provisions of the Trustee Declaration addressing the Custodian (i.e., the Custodian signature provisions) may be removed from the Trustee Declaration Page.
- 12.14 Modification of Trust Provisions.** The Employer may amend the administrative trust or custodial provisions under this Plan (such as provisions relating to investments and the duties of trustees), provided the amended provisions are not in conflict with any other provision of the Plan and do not cause the plan to fail to qualify under Code §401(a). The Employer may document any amendment modifying the trust or custodial provisions under this Plan or other overriding language in an Addendum to the Adoption Agreement.
- 12.15 Custodial Accounts, Annuity Contracts and Insurance Contracts.** As provided under Code §401(f), a custodial account, an annuity contract or a contract issued by an Insurer is treated as a qualified trust under the Plan if (i) the custodial account or contract would, except for the fact that it is not a trust, constitute a qualified trust under Code §401(a) and (ii) in the case of a custodial account the assets thereof are held by a bank (as defined in Code §408(n)) or another person who demonstrates to the IRS that the manner in which the assets are held are consistent with the requirements of Code §401(a).

No insurance contract will be purchased under the Plan unless such contract or a separate definite written agreement between the Employer and the Insurer provides that: (1) no value under contracts providing benefits under the Plan or credits determined by the Insurer (on account of dividends, earnings, or other experience rating credits, or surrender or cancellation credits) with respect to such contracts may be paid or returned to the Employer or diverted to or used for other than the exclusive benefit of the Participants or their Beneficiaries. However, any contribution made by the Employer because of a mistake of fact must be returned to the Employer within one year of the contribution.

If this Plan is funded by individual contracts that provide a Participant's benefit under the plan, such individual contracts shall constitute the Participant's Account Balance. If this Plan is funded by group contracts, under the group annuity or group insurance contract, premiums or other consideration received by the insurance company must be allocated to Participants' accounts under the Plan.

SECTION 13
PARTICIPANT LOANS

- 13.01** Availability of Participant Loans. The Employer may elect under Appendix B of the Adoption Agreement to permit Participants to take loans from their vested Account Balance under the Plan. Participant loans may be treated as a segregated investment on behalf of each individual Participant for whom the loan is made or may be treated as a general investment of the Plan. If the Employer elects to permit loans under the Plan, the Employer may elect to use the default loan policy under this Section 13, as modified under Appendix B of the Adoption Agreement, or an outside loan policy for purposes of administering Participant loans under the Plan. If a separate written loan policy is adopted, the terms of such separate loan policy will control over the terms of this Plan with respect to the administration of any Participant loans. Any separate written loan policy must satisfy the requirements under Code §72(p) and the regulations thereunder.

To receive a Participant loan, a Participant must sign a promissory note along with a pledge or assignment of the portion of the Account Balance used for security on the loan. The loan will be evidenced by a legally enforceable agreement which specifies the amount and term of the loan, and the repayment schedule.

- 13.02** Must be Available in Reasonably Equivalent Manner. Participant loans must be made available to Participants in a reasonably equivalent manner. The Employer may elect under AA §B-7 to limit the availability of Participant loans to specified events. For example, the availability of Participant loans may be limited to the occurrence of a hardship event as described in Section 7.10(e)(1)(i).

- 13.03** Loan Limitations. A Participant loan may not be made to the extent such loan (when added to the outstanding balance of all other loans made to the Participant) exceeds the lesser of:

- (a) \$50,000 (reduced by the excess, if any, of the Participant's highest outstanding balance of loans from the Plan during the one-year period ending on the day before the date on which such loan is made, over the Participant's outstanding balance of loans from the Plan as of the date such loan is made) or
- (b) one-half (½) of the Participant's vested Account Balance, determined as of the Valuation Date coinciding with or immediately preceding such loan, adjusted for any contributions or distributions made since such Valuation Date.

If so elected under AA §B-4, a Participant may take a loan equal to the greater of \$10,000 or 50% of the Participant's vested Account Balance. However, if a Participant takes a loan in excess of 50% of the Participant's vested Account Balance, such loan is still subject to the adequate security requirements under Section 13.06.

In applying the limitations under this Section 13.03, all plans maintained by the Employer are aggregated and treated as a single plan. In addition, any assignment or pledge of any portion of the Participant's interest in the Plan and any loan, pledge, or assignment with respect to any insurance contract purchased under the Plan will be treated as loan under this Section.

- 13.04** Limit on Amount and Number of Loans. Unless elected otherwise under AA §B-5 and/or AA §B-6, or under a separate written loan policy, a Participant may not receive a Participant loan of less than \$1,000 nor may a Participant have more than one Participant loan outstanding at any time.

- (a) Loan renegotiation. Unless designated otherwise under AA §B-15, a Participant may be permitted to renegotiate a loan without violating the one outstanding loan requirement to the extent such renegotiated loan is a new loan (i.e., the renegotiated loan separately satisfies the reasonable interest rate requirement under Section 13.05, the adequate security requirement under Section 13.06, and the periodic repayment requirement under Section 13.07) and the renegotiated loan does not exceed the limitations under Section 13.03 above, treating both the replaced loan and the renegotiated loan as outstanding at the same time. However, if the term of the renegotiated loan does not end later than the original term of the replaced loan, the replaced loan may be ignored in applying the limitations under Section 13.03 above.
- (b) Participant must be creditworthy. The Plan Administrator may refuse to make a loan to any Participant who is determined to be not creditworthy. For this purpose, a Participant is not creditworthy if, based on the facts and circumstances, it is reasonable to believe that the Participant will not repay the loan. A Participant who has defaulted on a previous loan from the Plan and has not repaid such loan (with accrued interest) at the time of any subsequent loan will be treated as not creditworthy until such time as the Participant repays the defaulted loan (with accrued interest).

- 13.05** Reasonable Rate of Interest. All Participant loans will be charged a reasonable rate of interest. Alternative methods for determining a reasonable rate of interest may be identified under AA §B-7 or under a separate written loan policy. The interest rate assumptions must be periodically reviewed to ensure the interest rate charged on Participant loans is reasonable.

If a Participant is in military service while he/she has an outstanding Participant loan, the applicable interest charged on such loan during the period while the Participant is in military service will not exceed 6% per year provided the Participant provides

written notice and a copy of his/her call-up or extension orders to the Plan Administrator within 180 days following the Participant's termination or release from military service. For this purpose, military service is as defined in the Soldier's and Sailor's Civil Relief Act of 1940 as modified by the Servicemembers Civil Relief Act of 2003. The Participant may voluntarily waive this 6% interest limitation and the Plan Administrator may petition the court to retain the original interest rate if the ability to repay is not affected by the Participant's activation to military duty.

13.06 **Adequate Security.** All Participant loans must be adequately secured. The Participant's vested Account Balance shall be used as security for a Participant loan provided the outstanding balance of all Participant loans made to such Participant does not exceed 50% of the Participants vested Account Balance, determined immediately after the origination of each loan. The Plan Administrator (with the consent of the Trustee) may require a Participant to provide additional collateral to receive a Participant loan if the Plan Administrator determines such additional collateral is required to protect the interests of Plan Participants. A separate loan policy or written modifications to this loan policy may prescribe alternative rules for obtaining adequate security.

13.07 **Periodic Repayment.** A Participant loan must provide for level amortization with payments to be made not less frequently than quarterly. A Participant loan must be payable within a period not exceeding five (5) years from the date the Participant receives the loan from the Plan, unless the loan is for the purchase of the Participant's principal residence, in which case the loan may be payable within ten (10) years or such longer period that is commensurate with the repayment period permitted by commercial lenders for similar loans. Loan repayments must be made through payroll withholding, except to the extent the Plan Administrator determines payroll withholding is not practical given the level of a Participant's wages, the frequency with which the Participant is paid, or other circumstances.

(a) **Leave of absence.** A Participant with an outstanding Participant loan may suspend loan payments to the Plan for up to 12 months for any period during which the Participant's pay is insufficient to fully repay the required loan payments. Upon the Participant's return to employment (or after the end of the 12-month period, if earlier), the Participant's outstanding loan will be reamortized over the remaining period of such loan to make up for the missed payments. The reamortized loan may extend beyond the original loan term so long as the loan is paid in full by whichever of the following dates comes first:

- (1) the date which is five (5) years from the original date of the loan (or the end of the suspension, if sooner), or
- (2) the original loan repayment deadline (or the end of the suspension period, if later) plus the length of the suspension period.

(b) **Military leave.** A Participant with an outstanding Participant loan also may suspend loan payments for any period such Participant is on military leave, in accordance with Code §414(u)(4). Upon the Participant's return from military leave (or the expiration of five years from the date the Participant began his/her military leave, if earlier), loan payments will recommence under the amortization schedule in effect prior to the Participant's military leave, without regard to the five-year maximum loan repayment period. Alternatively, the loan may be reamortized to require a different level of loan payment, as long as the amount and frequency of such payments are not less than the amount and frequency under the amortization schedule in effect prior to the Participant's military leave.

13.08 **Designation of Accounts.** A Participant loan will be treated as a segregated investment on behalf of the individual Participant for whom the loan is made or may be treated as a general investment of the Plan. Unless designated otherwise under AA §B-9 or under a separate loan procedure, loan amounts may be taken from any available contribution source under the Plan. The Plan Administrator may determine the contribution sources from which a loan is taken or may follow directions of the Participant.

Each payment of principal and interest paid by a Participant on his/her Participant loan shall be credited to the same Participant Accounts and investment funds within such Accounts from which the loan was taken.

13.09 **Procedures for Loan Default.** A Participant will be considered to be in default with respect to a loan if any scheduled repayment with respect to such loan is not made by the end of the calendar quarter following the calendar quarter in which the missed payment was due. The Employer may apply a shorter cure period under AA §B-11.

If a Participant defaults on a Participant loan, the Plan may not offset the Participant's Account Balance until the Participant is otherwise entitled to an immediate distribution of the portion of the Account Balance which will be offset and such amount being offset is available as security on the loan, pursuant to Section 13.06. For this purpose, a loan default is treated as an immediate distribution event to the extent the law does not prohibit an actual distribution of the type of contributions which would be offset as a result of the loan default. The Participant may repay the outstanding balance of a defaulted loan (including accrued interest through the date of repayment) at any time.

Pending the offset of a Participant's Account Balance following a defaulted loan, the following rules apply to the amount in default.

- (a) Interest continues to accrue on the amount in default until the time of the loan offset or, if earlier, the date the loan repayments are made current or the amount is satisfied with other collateral.
- (b) A subsequent offset of the amount in default is not reported as a taxable distribution, except to the extent the taxable portion of the default amount was not previously reported by the Plan as a taxable distribution.
- (c) The post-default accrued interest included in the loan offset is not reported as a taxable distribution at the time of the offset.

A separate loan policy or written modifications to this loan policy may modify the procedures for determining a loan default.

13.10 Termination of Employment.

- (a) **Offset of outstanding loan.** Unless elected otherwise under AA §B-13, a Participant loan becomes due and payable in full immediately upon the Participant's termination of employment. Upon a Participant's termination, the Participant may repay the entire outstanding balance of the loan (including any accrued interest) within a reasonable period following termination of employment. If the Participant does not repay the entire outstanding loan balance, the Participant's vested Account Balance will be reduced by the remaining outstanding balance of the loan to the extent such Account Balance is available as security on the loan, pursuant to Section 13.06, and the remaining vested Account Balance will be distributed in accordance with the distribution provisions under Section 7. If the outstanding loan balance of a deceased Participant is not repaid, the outstanding loan balance shall be treated as a distribution to the Participant and shall reduce the death benefit amount payable to the Beneficiary under Section 7.07.
- (b) **Direct Rollover.** Unless elected otherwise under AA §B-14, upon termination of employment, a Participant may request a Direct Rollover of the loan note (provided the distribution is an Eligible Rollover Distribution as defined in Section 7.04(a)(1)) to another qualified plan which agrees to accept a Direct Rollover of the loan note. A Participant may not engage in a Direct Rollover of a loan to the extent the Participant has already received a deemed distribution with respect to such loan. (See the rules regarding deemed distributions upon a loan default under Section 13.09.)

13.11 Amendment of Plan to Eliminate Participant Loans. The Plan may be amended at any time to eliminate Participant loans on a prospective basis. However, the elimination of a Participant loan feature may not result in the acceleration of payment of any existing Participant loans, unless the terms of the Participant loan permit such acceleration.

SECTION 14
PLAN AMENDMENTS, TERMINATION, MERGERS AND TRANSFERS

14.01 Plan Amendments.

- (a) **Amendment by the Volume Submitter practitioner.** The Volume Submitter practitioner may amend the Plan on behalf of all adopting Employers, including those Employers who adopt the Plan prior to or after the amendment, for changes in the Code, regulations, revenue rulings, and other statements published by the Internal Revenue Service, including model, sample or other required good faith amendments (but only if their adoption will not cause such Plan to be individually designed), and for corrections of prior approved plans. These amendments will be applied to all Employers who have adopted the Plan.

However, for purposes of reliance on an advisory or determination letter, the Volume Submitter practitioner will no longer have the authority to amend the Plan on behalf of any adopting Employer as of either:

- (1) the date the Employer amends the Plan to incorporate a type of plan that is not permitted under the Volume Submitter program, as described in section 6.03 of Rev. Proc. 2011-49, or
- (2) the date the IRS notifies the Employer, in accordance with section 24.03 of Rev. Proc. 2011-49, that the Plan is an individually designed plan due to the nature and extent of Employer amendments to the Plan.

If the Employer is required to obtain a determination letter for any reason in order to maintain reliance on the Favorable IRS Letter, the Volume Submitter practitioner's authority to amend the plan on behalf of the adopting Employer is conditioned on the Plan receiving a favorable determination letter.

The Volume Submitter practitioner will maintain, or have maintained on its behalf, a record of the Employers that have adopted the Plan, and the Volume Submitter practitioner will make reasonable and diligent efforts to ensure that adopting Employers have actually received and are aware of all Plan amendments and that such Employers adopt new documents when necessary.

- (b) **Amendment by the Employer.** The Employer shall have the right at any time to amend the Adoption Agreement in the following manner without affecting the Plan's status as a Volume Submitter Plan. (The ability to amend the Plan as authorized under this subsection (b) applies only to the Employer that executes the Employer Signature Page of the Adoption Agreement. Any amendment to the Plan by the Employer under this subsection (b) also applies to any other Employer that participates under the Plan as a Participating Employer.)

- (1) The Employer may change any optional selections under the Adoption Agreement.
- (2) The Employer may add overriding language to the Adoption Agreement when such language is necessary to satisfy Code §415 because of the required aggregation of multiple plans.
- (3) The Employer may change the administrative selections under Appendix C of the Adoption Agreement by replacing the appropriate page(s) within the Adoption Agreement. Such amendment does not require reexecution of the Employer Signature Page of the Adoption Agreement.
- (4) The Employer may amend administrative provisions of the trust or custodial document, including the name of the Plan, Employer, Trustee or Custodian, Plan Administrator and other fiduciaries, the trust year, and the name of any pooled trust in which the Plan's trust will participate.
- (5) The Employer may add certain sample or model amendments published by the IRS which specifically provide that their adoption will not cause the Plan to be treated as an individually designed plan.
- (6) The Employer may add or change provisions permitted under the Plan and/or specify or change the effective date of a provision as permitted under the Plan.
- (7) The Employer may adopt any amendments that it deems necessary to satisfy the requirements for resolving qualification failures under the IRS' compliance resolution programs.

The Employer may amend the Plan at any time for any other reason. If such amendment is not deemed to be significant, the Plan will not lose its status as a Volume Submitter Plan. However, if the Employer modifies the language of the Plan or Adoption Agreement (other than the completion of optional selections (e.g., Describe lines), the Employer will not be able to rely on the Favorable IRS Letter issued with respect to the Plan and will need to submit the Plan to the IRS for a favorable determination letter to retain reliance. If an amendment to the Plan is deemed significant, such

amendment could cause the Plan to lose its status as a Volume Submitter Plan and become an individually designed plan.

- (c) **Method of amendment.** An amendment to the Plan may be adopted as a modification to the Adoption Agreement and/or Basic Plan Document or as a separate snap-on amendment. An amendment to the Plan may be adopted as part of a properly executed board resolution. Any such amendment must be executed by the board of directors or a duly authorized officer of the Employer (if the Employer is a corporation or other similarly organized business entity), by a general partner or member of the Employer (if the Employer is a partnership or limited liability company), or by a sole proprietor (if the Employer is a sole proprietorship).
- (d) **Effective date of Plan Amendments.** If the Plan is restated or amended, such restatement or amendment is generally effective as of the Effective Date of the restatement or amendment (as designated on the Employer Signature Page with respect to such amendment), except where the context indicates a reference to an earlier Effective Date. The Employer may designate special effective dates for individual provisions under the Plan where provided in the Adoption Agreement or under Appendix A of the Adoption Agreement.
 - (1) **Retroactive Effective Date.** If the Plan is amended retroactively (e.g., to add language required to comply with IRS guidance or law), the provisions of this Plan generally override the provisions of any prior Plan. However, if the provisions of this Plan are different from the provisions of the Employer's prior plan and, after the retroactive Effective Date of this Plan, the Employer operated in compliance with the provisions of the prior plan, the provisions of such prior plan are incorporated into this Plan for purposes of determining whether the Employer operated the Plan in compliance with its terms, provided operation in compliance with the terms of the prior plan do not violate any qualification requirements under the Code, regulations, or other IRS guidance.
 - (2) **Retroactive effect of PPA, HEART and WRERA provisions.** This Plan is designed to comply with the Code, regulations, and general guidance applicable to qualified retirement plans, including the provisions of the Pension Protection Act of 2006 (PPA), the Heroes Earnings Assistance And Relief Tax Act Of 2008 (HEART Act), and the Worker, Retiree, and Employer Recovery Act of 2008 (WRERA). If this Plan is being restated or amended to comply with the provisions of PPA, HEART and/or WRERA, the Plan contains special effective dates that apply with respect to such provisions. If the Plan is being restated within the remedial amendment period for retroactive compliance with the PPA, HEART and WRERA provisions, the special effective dates for such provisions (as described below) will apply, even if such special effective dates precede the Effective Date of the restatement designated on the Employer Signature Page of the Adoption Agreement. Thus, if the Plan is being restated or amended to comply with PPA, HEART and/or WRERA, and the Effective Date of this restatement or amendment is later than the special effective date applicable to any of the PPA, HEART or WRERA provisions described below, such special effective dates will apply and any prior plan being replaced by this Plan will be considered to have been timely amended for the PPA, HEART and WRERA provisions.

The following provisions contain special effective dates for purposes of complying with the requirements of PPA, HEART and WRERA:

- (i) **Hardship distributions.** Section 7.10(e)(5) of the Plan allows Hardship distributions to be determined with respect to primary beneficiaries. The Employer may elect to apply this provision under AA § 10-2(d).
- (ii) **Direct rollovers by non-Spouse beneficiaries.** The provisions allowing for direct rollovers by non-Spouse beneficiaries as described in Section 7.04(c), are effective for distributions made on or after January 1, 2007.
- (iii) **Direct rollover of non-taxable amounts.** Effective for taxable years beginning on or after January 1, 2007, Section 7.04(d) expands the definition of Eligible Rollover Distribution to include the portion of a distribution that is not includible in gross income.
- (iv) **Rollovers to Roth IRA.** For distributions occurring on or after January 1, 2008, Section 7.04(e) permits Participants or beneficiaries to rollover a qualified Eligible Rollover Distribution to a Roth IRA.
- (v) **Distribution notice periods.** Effective for Plan Years beginning on or after January 1, 2007, the period for providing the Code §402(f) rollover notice under Section 7.04(b), and the period for providing the notice regarding the right to defer receipt of a distribution under Section 7.03(b) is increased to 180 days.
- (vi) **Content of notice of a Participant's right to defer receipt of a distribution.** Effective for Plan Years beginning on or after January 1, 2007, Section 7.03(b) requires the notice relating to a Participant's right

to defer receipt of a distribution must include a description of the consequences of a Participant's decision not to defer the receipt of a distribution.

- (vii) **Qualified Domestic Relations Orders (QDROs)**. Section 11.05(c) of the Plan expands the definition of a QDRO effective April 6, 2007 to include modified orders and orders issued after the Participant's death.
 - (viii) **In-service distributions from pension plans**. AA §10-1 permits a pension plan (e.g., a money purchase plan or a plan that holds transferred assets from a money purchase plan), to make an in-service distribution upon attainment of age 62. This provision is effective for Plan Years beginning on or after January 1, 2013.
 - (ix) **Penalty-free withdrawals for individuals called to active duty**. Effective September 11, 2001, Section 7.10(d) expands the distribution provisions applicable to elective deferrals to include a Qualified Reservist Distribution.
 - (x) **Benefit accruals for Participants on Qualified Military Service**. Section 15.04 of the Plan sets forth the HEART Act provisions addressing Participants on qualified military leave. These provisions are effective for Plan Years beginning on or after January 1, 2007.
 - (xi) **Differential Pay**. Effective for years beginning on or after January 1, 2009, Section 1.89(e) of the Plan permits the Employer to include Differential Pay as Total Compensation under the Plan.
 - (xii) **Waiver of Required Minimum Distributions**. Section 8.06(d) allows for the waiver of the Required Minimum Distribution rules for calendar year 2009 as prescribed under WRERA.
 - (xiii) **Final 415 regulations**. Sections 1.89 and 5.02 contain the provisions required by the final 415 regulations, effective for Limitation Years beginning on or after July 1, 2007.
- (3) **Merged plans**. Except for retroactive application of the provisions under this subsection (d), if one or more qualified retirement plans have been merged into this Plan, the provisions of the merging plan(s) will remain in full force and effect until the Effective Date of the plan merger(s), unless provided otherwise under Appendix A of the Adoption Agreement.

14.02 **Plan Termination**. The Employer may terminate this Plan at any time by delivering to the Trustee and Plan Administrator written notice of such termination.

- (a) **Full and immediate vesting**. Upon a full or partial termination of the Plan (or in the case of a Profit Sharing Plan, the complete discontinuance of contributions), all amounts credited to an affected Participant's Account become 100% vested, regardless of the Participant's vested percentage determined under Section 6.02. The Plan Administrator has discretion to determine whether a partial termination has occurred.
- (b) **Distribution upon Plan termination**. Upon the termination of the Plan, the Plan Administrator shall direct the distribution of Plan assets to Participants in accordance with the provisions under Section 7. For purposes of applying the provisions of this subsection (b), distribution may be delayed until the Employer receives a favorable determination letter from the IRS as to the qualified status of the Plan upon termination, provided the determination letter request is made within a reasonable period following the termination of the Plan. Until all Plan assets have been distributed from the Plan, the Employer must amend the Plan in order to comply with current laws and regulations and may take any other actions necessary to retain the qualified status of the Plan.
- (c) **Missing Participants**. Upon termination of the Plan, if any Participant cannot be located after a reasonable diligent search (as defined in Section 6.10(c)(1)), the Plan Administrator may make a direct rollover to an IRA selected by the Plan Administrator. For this purpose, the Plan Administrator will adopt procedures similar to the procedures required under Section 7.05 for making Automatic Rollovers in applying the provisions under this subsection (c). An Automatic Rollover under this subsection (c) may be made on behalf of any missing Participant, regardless of the value of his/her vested Account Balance under the Plan.
- (d) **Partial Termination**. In determining whether a Plan has experienced a partial termination as described under Code §411(d)(3), the Plan Administrator will apply the principals set forth under IRS Revenue Ruling 2007-43.

14.03 **Merger or Consolidation**. In the event the Plan is merged or consolidated with another plan, each Participant must be entitled to a benefit immediately after such merger or consolidation that is at least equal to the benefit the Participant was entitled to immediately before such merger or consolidation (had the Plan terminated).

If the Employer amends the Plan from one type of Defined Contribution Plan (e.g., a Money Purchase Plan) into another type of Defined Contribution Plan (e.g., a Profit Sharing Plan) will not result in a partial termination or any other event that would require full vesting of some or all Plan Participants.

14.04 **Transfer of Assets.** The Plan may accept a transfer of assets from another qualified retirement plan on behalf of any Employee, even if such Employee is not eligible to receive other contributions under the Plan. If a transfer of assets is made on behalf of an Employee prior to the Employee's becoming a Participant, the Employee shall be treated as a Participant for all purposes with respect to such transferred amount. Any assets transferred to this Plan from another plan must be accompanied by written instructions designating the name of each Employee for whose benefit such amounts are being transferred, the current value of such assets, and the sources from which such amounts are derived. The Plan Administrator will deposit any transferred assets in the appropriate Participant's Transfer Account. The Transfer Account will contain any sub-Accounts necessary to separately track the sources of the transferred assets. Each sub-Account will be treated in the same manner as the corresponding Plan Account.

If the Plan is a Profit Sharing Plan or a Grandfathered 401(k) Arrangement and the Plan accepts a transfer of assets from a money purchase plan (other than as a Qualified Transfer as defined in subsection (d) below), the amounts transferred (and any gains attributable to such transferred amounts) continue to be subject to the distribution restrictions applicable to money purchase plan assets under the transferor plan. Such amounts may not be distributed for reasons other than death, disability, attainment of Normal Retirement Age, attainment of age 62, or termination of employment, regardless of any distribution provisions under this Plan that would otherwise permit a distribution prior to such events.

The Plan Administrator may refuse to accept a transfer of assets if the Plan Administrator reasonably believes the transfer (1) is not being made from a proper qualified plan; (2) could jeopardize the tax-exempt status of the Plan; or (3) could create adverse tax consequences for the Plan or the Employer. Prior to accepting a transfer of assets, the Plan Administrator may require evidence documenting that the transfer of assets meets the requirements of this Section. The Trustee will have no responsibility to determine whether the transfer of assets meets the requirements of this Section; to verify the correctness of the amount and type of assets being transferred to the Plan; or to perform a due diligence review with respect to such transfer.

- (a) **Trustee's right to refuse transfer.** If the assets to be transferred to the Plan under this Section 14.04 are not susceptible to proper valuation and identification or are of such a nature that their valuation is incompatible with other Plan assets, the Trustee may refuse to accept the transfer of all or any specific asset, or may condition acceptance of the assets on the sale or disposition of any specific asset.
- (b) **Transfer of Plan to unrelated Employer.** The Employer may not transfer sponsorship of the Plan to an unrelated employer if the transfer is not in connection with a transfer of business assets or operations from the Employer to the unrelated employer.

SECTION 15
MISCELLANEOUS

- 15.01 Exclusive Benefit.** Plan assets will not be used for, or diverted to, a purpose other than the exclusive benefit of Participants or their Beneficiaries.

No amendment may authorize or permit any portion of the assets held under the Plan to be used for or diverted to a purpose other than the exclusive benefit of Participants or their Beneficiaries, except to the extent such assets are used to pay taxes or administrative expenses of the Plan. An amendment also may not cause or permit any portion of the assets held under the Plan to revert to or become property of the Employer.

- 15.02 Return of Employer Contributions.** Upon written request by the Employer, the Trustee must return any Employer Contributions provided that the circumstances and the time frames described below are satisfied. The Trustee may request the Employer to provide additional information to ensure the amounts may be properly returned. Any amounts returned shall not include earnings, but must be reduced by any losses.

- (a) **Mistake of fact.** Any Employer Contributions made because of a mistake of fact must be returned to the Employer within one year of the contribution.
- (b) **Failure to initially qualify.** Employer Contributions to the Plan are made with the understanding, in the case of a new Plan, that the Plan satisfies the qualification requirements of Code §401(a) as of the Plan's Effective Date. In the event that the Internal Revenue Service determines that the Plan is not initially qualified under the Code, any Employer Contributions (and allocable earnings) made incident to that initial qualification must be returned to the Employer within one year after the date the initial qualification is denied, but only if the application for the qualification is made by the time prescribed by law for filing the employer's return for the taxable year in which the plan is adopted, or such later date as the Secretary of the Treasury may prescribe.

- 15.03 Participants' Rights.** The adoption of this Plan by the Employer does not give any Participant, Beneficiary, or Employee a right to continued employment with the Employer and does not affect the Employer's right to discharge an Employee or Participant at any time. This Plan also does not create any legal or equitable rights in favor of any Participant, Beneficiary, or Employee against the Employer, Plan Administrator or Trustee. Unless the context indicates otherwise, any amendment to this Plan is not applicable to determine the benefits accrued (and the extent to which such benefits are vested) by a Participant or former Employee whose employment terminated before the effective date of such amendment, except where application of such amendment to the terminated Participant or former Employee is required by statute, regulation or other guidance of general applicability. Where the provisions of the Plan are ambiguous as to the application of an amendment to a terminated Participant or former Employee, the Plan Administrator has the authority to make a final determination on the proper interpretation of the Plan.

- 15.04 Military Service.** To the extent required under Code §414(u), an Employee who returns to employment with the Employer following a period of qualified military service will receive any contributions, benefits and service credit required under Code §414(u), provided the Employee satisfies all applicable requirements under the Code and regulations. In determining the amount of contributions under Code §414(u), Plan Compensation will be deemed to be the compensation the Employee would have received during the period while in military service based on the rate of pay the Employee would have received from the Employer but for the absence due to military leave. If the compensation the Employee would have received during the leave is not reasonably certain, Plan Compensation will be equal to the Employee's average compensation from the Employer during the twelve (12) month period immediately preceding the military leave or, if shorter, the Employee's actual period of employment with the Employer.

- (a) **Death benefits under qualified military service.** In the case of a Participant who dies while performing qualified military service (as defined in Code §414(u)), the survivors of the Participant are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan as though the Participant resumed and then terminated employment on account of death. This provision is effective with respect to deaths occurring on or after January 1, 2007.
- (b) **Benefit accruals.** If elected under AA §11-3, for benefit accrual purposes, the Plan will treat an individual who dies or becomes disabled (as defined under the terms of the Plan) while performing qualified military service (as defined in Code §414(u)) with respect to the Employer, as if the individual has resumed employment in accordance with the individual's reemployment rights under the Uniformed Services Employment and Reemployment Rights Act (USERRA) on the day preceding death or disability (as the case may be) and terminated employment on the actual date of death or disability. This provision is effective with respect to deaths and disabilities occurring on or after January 1, 2007.

- (1) This subsection (b) shall apply only if all individuals performing qualified military service with respect to the Employer maintaining the plan who die or became disabled as a result of performing qualified military service prior to reemployment by the employer are credited with service and benefits on reasonably equivalent terms.
- (2) The amount of employee contributions and the amount of elective deferrals of an individual treated as reemployed under this subsection (b) shall be determined on the basis of the individual's average actual employee contributions or elective deferrals for the lesser of:
 - (i) the 12-month period of service with the Employer immediately prior to qualified military service, or
 - (ii) if service with the Employer is less than such 12-month period, the actual length of continuous service with the Employer.
- (c) **Plan distributions.** Notwithstanding the provisions of Section 1.89(e) regarding the treatment of Differential Pay, an individual shall be treated as having been severed from employment during any period the individual is performing service in the Uniformed Services for purposes of receiving a Plan distribution under Code §401(k)(2)(B)(i)(I). If an individual elects to receive a distribution while on military leave, the individual may not make Salary Deferrals or Employee After-Tax Employee Contributions under the Plan during the 6-month period beginning on the date of the distribution.
- (d) **Make-Up Contributions.** A Participant who is reemployed following a qualified military leave shall have the right to make up any Salary Deferrals or After-Tax Employee Contributions to which he/she would have been entitled but for the fact the Participant was on qualified military leave. To the extent a Participant returning from qualified military leave would have been required to make Employer Pick-Up Contributions, as described in Section 3.03, the Participant will be required to make such Employer Pick-Up Contributions upon his/her return to employment based on the amount that would have been contributed but for the fact the Participant was on qualified military leave. The Employer will also make any Employer Contributions and Matching Contributions the Participant would have earned during the period of qualified military leave had the Participant remained employed during such period. The Employer will only be required to make Matching Contributions if the reemployed Participant makes up the underlying contributions that were eligible for the Matching Contributions.

In determining the amount of Make-Up Contributions a Participant may make under this subsection (d), a Participant will be treated as earning Plan Compensation during the period the Participant was on qualified military leave equal to:

- (1) the rate of pay the Participant would have received from the Employer during such period had the Participant not been on qualified military leave, or
- (2) if the Plan Compensation the Participant would have received during such period was not reasonably certain, the Participant's average Plan Compensation during the 12-month period immediately preceding the qualified military leave (or the entire period of employment, if shorter).

If the Employer is required under this subsection (d) to make Employer Contributions for a reemployed Participant, the Employer must make such Employer Contributions not later than 90 days after the date of reemployment or the date the Employer Contributions are otherwise due for the year in which the military service was performed. For Salary Deferrals and After-Tax Employee Contributions, a Participant who is reemployed following a qualified military leave may make up such contributions during the period beginning on the date of reemployment and ending on the earlier of the date that is three times the length of the military service period or 5 years from the date of reemployment. Any required Matching Contributions must be made in the same manner as other Matching Contribution under the Plan following the Participant's contribution of the amounts eligible for the Matching Contributions.

Any make up contributions under this subsection (d) are subject to the Code §415 Limitation under Section 5.02 and the Elective Deferral Dollar Limitation under Section 5.03 for the year for which the make-up contribution would have been made had the Participant not been on qualified military leave.

15.05 Annuity Contract. Any annuity contract distributed under the Plan must be nontransferable. In addition, the terms of any annuity contract purchased and distributed to a Participant or to a Participant's Spouse must comply with all requirements under this Plan.

15.06 Use of IRS Compliance Programs. Nothing in this Plan document should be construed to limit the availability of the IRS' voluntary compliance programs. An Employer may take whatever corrective actions are permitted under the IRS voluntary compliance programs, as is deemed appropriate by the Plan Administrator or Employer. If the Employer's Plan fails to attain or retain qualification, such Plan will no longer participate in this Volume Submitter Plan and will be considered an individually designed plan.

- 15.07** **Governing Law.** The provisions of this Plan shall be construed, administered, and enforced in accordance with the provisions of applicable Federal Law and, to the extent applicable, the laws of the state in which the Trustee has its principal place of business. The foregoing provisions of this Section shall not preclude the Employer and the Trustee from agreeing to a different state law with respect to the construction, administration and enforcement of the Plan.
- 15.08** **Waiver of Notice.** Any person entitled to a notice under the Plan may waive the right to receive such notice, to the extent such a waiver is not prohibited by law, regulation or other pronouncement.
- 15.09** **Use of Electronic Media.** The Employer, Plan Administrator, Trustee and any other designated individual responsible for providing applicable notices or disclosures under the Plan, and any Participant or beneficiary making an election under the Plan may use telephonic or electronic media to satisfy any notice requirements required by this Plan. Any use of electronic medium under the Plan must comply with the requirements outlined in Treas. Reg. §1.401(a)-21 or other general guidance concerning the use of telephonic or electronic media. The Plan Administrator also may use telephonic or electronic media to conduct plan transactions such as enrolling participants, making (and changing) salary reduction elections, electing (and changing) investment allocations, applying for Plan loans, and other transactions, to the extent permissible under regulations (or other generally applicable guidance).
- 15.10** **Severability of Provisions.** In the event that any provision of this Plan shall be held to be illegal, invalid or unenforceable for any reason, the remaining provisions under the Plan shall be construed as if the illegal, invalid or unenforceable provisions had never been included in the Plan.
- 15.11** **Binding Effect.** The Plan, and all actions and decisions made thereunder, shall be binding upon all applicable parties, and their heirs, executors, administrators, successors and assigns.

SECTION 16
PARTICIPATING EMPLOYERS

- 16.01 Participation by Participating Employers.** An Employer (other than the Employer that executes the Employer Signature Page of the Adoption Agreement) may elect to participate under this Plan by executing a Participating Employer Adoption Page under the Adoption Agreement. A Participating Employer (including a Related Employer defined in Section 1.78) may not contribute to this Plan unless it executes the Participating Employer Adoption Page.
- 16.02 Participating Employer Adoption Page.**
- (a) **Application of Plan provisions.** By executing a Participating Employer Adoption Page, a Participating Employer adopts all the provisions of the Plan, including the elective choices made by the signatory Employer under the Adoption Agreement. The Participating Employer may elect under the Participating Employer Adoption Page to modify the elective provisions under the Adoption Agreement as they apply to the Participating Employer.
 - (b) **Plan amendments.** In addition, unless provided otherwise under the Participating Employer Adoption Page, a Participating Employer is bound by any amendments made to the Plan in accordance with Section 14.01.
 - (c) **Trustee designation.** The Participating Employer agrees to use the same Trustee as is designated on the Trustee Declaration under the Agreement, except as provided in a separate trust agreement.
- 16.03 Compensation of Related Employers.** In applying the provisions of this Plan, Total Compensation (as defined in Section 1.89) includes amounts earned with a Related Employer, regardless of whether such Related Employer executes a Participating Employer Adoption Page. The Employer may elect under AA §5-3(h) to exclude amounts earned with a Related Employer that does not execute a Participating Employer Adoption Page for purposes of determining an Employee's Plan Compensation.
- 16.04 Allocation of Contributions and Forfeitures.** Unless selected otherwise under the Participating Employer Adoption Page, any contributions made by a Participating Employer (and any forfeitures relating to such contributions) will be allocated to all Participants employed by the Employer and Participating Employers in accordance with the provisions under this Plan. A Participating Employer may elect under the Participating Employer Adoption Page to allocate its contributions (and forfeitures relating to such contributions) only to the Participants employed by the Participating Employer making such contributions. If so elected, Employees of the Participating Employer will not share in an allocation of contributions (or forfeitures relating to such contributions) made by any other Participating Employer (except in such individual's capacity as an Employee of that other Participating Employer). Thus, for example, a Participating Employer may make a different discretionary contribution and allocate such contribution only to its Employees. Where contributions are allocated only to the Employees of a contributing Participating Employer, a separate accounting must be maintained of Employees' Account Balances attributable to the contributions of a particular Participating Employer. This separate accounting is necessary only for contributions that are not 100% vested, so that the allocation of forfeitures attributable to such contributions can be allocated for the benefit of the appropriate Employees.
- 16.05 Discontinuance of Participation by a Participating Employer.** A Participating Employer may discontinue its participation under the Plan at any time. To document a Participating Employer's cessation of participation, the following procedures should be followed:
- (a) the Participating Employer should adopt a resolution that formally terminates active participation in the Plan as of a specified date,
 - (b) the Employer that has executed the Employer Signature Page of the Adoption Agreement should reexecute such page, indicating an amendment by page substitution through the deletion of the Participating Employer Adoption Page executed by the withdrawing Participating Employer, and
 - (c) the withdrawing Participating Employer should provide any notices to its Employees that are required by law.
- Discontinuance of participation means that no further benefits accrue after the effective date of such discontinuance with respect to employment with the withdrawing Participating Employer. The portion of the Plan attributable to the withdrawing Participating Employer may continue as a separate plan, under which benefits may continue to accrue, through the adoption by the Participating Employer of a successor plan (which may be created through the execution of a separate Adoption Agreement by the Participating Employer) or by spin-off of the portion of the Plan attributable to such Participating Employer followed by a merger or transfer into another existing plan, as specified in a merger or transfer agreement.
- 16.06 Operational Rules for Related Employer Groups.** If an Employer has one or more Related Employers, the Employer and such Related Employer(s) constitute a Related Employer group. In such case, the following rules apply to the operation of the Plan.

- (a) If the term Employer is used in the context of administrative functions necessary to the operation, establishment, maintenance, or termination of the Plan, only the Employer executing the Employer Signature Page under the Adoption Agreement, and any Related Employer executing a Participating Employer Adoption Page, is treated as the Employer.
- (b) Hours of Service are determined by treating all members of the Related Employer group as the Employer.
- (c) The term Excluded Employee is determined by treating all members of the Related Employer group as the Employer, except as specifically provided in the Plan.
- (d) Compensation is determined by treating all members of the Related Employer group as the Employer, except as specifically provided in the Plan.
- (e) An Employee is not treated as terminated from employment if the Employee is employed by any member of the Related Employer group.
- (f) The Code §415 Limitation described in Section 5.02 are applied by treating all members of the Related Employer group as the Employer.

In all other contexts, the term Employer generally means a reference to all members of the Related Employer group, unless the context requires otherwise. If the terms of the Plan are ambiguous with respect to the treatment of the Related Employer group as the Employer, the Plan Administrator has the authority to make a final determination on the proper interpretation of the Plan.

**APPENDIX A
ACTUARIAL FACTORS
(For use with age-based contribution formula)**

Actuarial Factor Table. The following table sets forth Actuarial Factors based on a testing age of 65, an interest rate of 8.5% and a UP-1984 mortality table. The Actuarial Factors in this table must be modified if the Employer uses a testing age other than age 65 or selects a different interest rate or mortality table under the age-based contribution formula. To determine a Participant's Actuarial Factor, use the factor corresponding to the number of years to the Participant's testing age. The number of years to the testing age is determined by counting the number of years from the last day of the current plan year to the last day of the plan year in which the Participant reaches the testing age. If the Participant has reached the testing age as of the last day of the current Plan Year, the number of years is 0 for that year and all subsequent years.

Years to Testing Age	Actuarial Factor	Years to Testing Age	Actuarial Factor
0	0.07949	25	0.01034
1	0.07326	26	0.00953
2	0.06752	27	0.00878
3	0.06223	28	0.00810
4	0.05736	29	0.00746
5	0.05286	30	0.00688
6	0.04872	31	0.00634
7	0.04490	32	0.00584
8	0.04139	33	0.00538
9	0.03814	34	0.00496
10	0.03516	35	0.00457
11	0.03240	36	0.00422
12	0.02986	37	0.00389
13	0.02752	38	0.00358
14	0.02537	39	0.00330
15	0.02338	40	0.00304
16	0.02155	41	0.00280
17	0.01986	42	0.00258
18	0.01831	43	0.00238
19	0.01687	44	0.00219
20	0.01555	45	0.00202
21	0.01433	46	0.00186
22	0.01321	47	0.00172
23	0.01217	48	0.00158
24	0.01122	49	0.00146

**Massachusetts Mutual Life Insurance Company
GOVERNMENTAL VOLUME SUBMITTER PLAN
ADOPTION AGREEMENT**

By executing this Governmental Volume Submitter Plan Adoption Agreement (the "Agreement"), the undersigned Employer agrees to establish or continue a Governmental Plan for its Employees. The Plan adopted by the Employer consists of the Governmental Defined Contribution Volume Submitter Plan and Trust Basic Plan Document #05 (the "BPD") and the elections made under this Agreement (collectively referred to as the "Plan"). An Employer may jointly co-sponsor the Plan by signing a Participating Employer Adoption Page, which is attached to this Agreement. **This Plan is effective as of the Effective Date identified on the Signature Page of this Agreement.**

**SECTION 1
EMPLOYER INFORMATION**

The information contained in this Section 1 is informational only. The information set forth in this Section 1 may be modified without amending this Agreement. Any changes to this Section 1 may be accomplished by substituting a new Section 1 with the updated information. The information contained in this Section 1 is not required for qualification purposes and any changes to the provisions under this Section 1 will not affect the Employer's reliance on the IRS Favorable Letter.

1-1 EMPLOYER INFORMATION:

Name: JEA

Address:

21 West Church Street
Jacksonville, FL 32202-3139

Telephone: (904) 665-8503

Fax: (904) 665-4561

1-2 EMPLOYER IDENTIFICATION NUMBER (EIN): 59-2983007

1-3 FORM OF BUSINESS:

- State or political subdivision of a State
- State agency or instrumentality
- Indian Tribal Government
- Describe other Employer qualified to adopt a Governmental Plan: _____

1-4 EMPLOYER'S TAX YEAR END: The Employer's tax year ends September 30

1-5 RELATED EMPLOYERS: Is the Employer part of a group of Related Employers (as defined in Section 1.78 of the Plan)?

- Yes
- No

If yes, Related Employers may be listed below. A Related Employer must complete a Participating Employer Adoption Page for Employees of that Related Employer to participate in this Plan.

[Note: This AA §1-5 is for informational purposes. The failure to identify all Related Employers will not jeopardize the qualified status of the Plan.]

**SECTION 2
PLAN INFORMATION**

2-1 PLAN NAME: JEA 401(a) Defined Contribution Retirement Plan

2-2 PLAN NUMBER: 002

2-3 **TYPE OF PLAN:** This Plan is a Profit Sharing Defined Contribution Plan.

The Plan is intended to be a FICA Replacement Plan (as defined under Section 4.03 of the Plan).

2-4 **PLAN YEAR:**

(a) Calendar year.

(b) The 12-consecutive month period ending on _____ each year.

(c) The Plan has a Short Plan Year running from ____ to ____.

2-5 **FROZEN PLAN:** Check this AA §2-5 if the Plan is a frozen Plan to which no contributions will be made.

This Plan is a frozen Plan effective _____. (See Section 3.02(a)(1)(iv) of the Plan.)

[*Note: As a frozen Plan, the Employer will not make any contributions with respect to Plan Compensation earned after such date and no Participant will be permitted to make any contributions to the Plan after such date. In addition, no Employee will become a Participant after the date the Plan is frozen.*]

2-6 **PLAN ADMINISTRATOR:**

(a) The Employer identified in AA §1-1.

(b) Name: _____

Address: _____

Telephone: _____

**SECTION 3
ELIGIBLE EMPLOYEES**

3-1 **ELIGIBLE EMPLOYEES:** In addition to the Employees identified in Section 2.02 of the Plan, the following Employees are excluded from participation under the Plan with respect to the contribution source(s) identified in this AA §3-1. See Sections 2.02(d) and (e) of the Plan for rules regarding the effect on Plan participation if an Employee changes between an eligible and ineligible class of employment.

Match	ER	
<input type="checkbox"/>	<input type="checkbox"/>	(a) No exclusions
<input type="checkbox"/>	<input type="checkbox"/>	(b) Collectively Bargained Employees
<input type="checkbox"/>	<input type="checkbox"/>	(c) Non-resident aliens who receive no compensation from the Employer which constitutes U.S. source income
<input type="checkbox"/>	<input checked="" type="checkbox"/>	(d) Leased Employees
<input type="checkbox"/>	<input type="checkbox"/>	(e) Employees paid on an hourly basis
<input type="checkbox"/>	<input type="checkbox"/>	(f) Employees paid on a salaried basis
<input type="checkbox"/>	<input type="checkbox"/>	(g) Employees in an elected or appointed position.
<input type="checkbox"/>	<input type="checkbox"/>	(h) Part-Time Employees (as defined in Section 1.68 of the Plan)
<input type="checkbox"/>	<input type="checkbox"/>	(i) Seasonal Employees (as defined in Section 1.84 of the Plan)
<input type="checkbox"/>	<input type="checkbox"/>	(j) Temporary Employees (as defined in Section 1.88 of the Plan)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	(k) Other: <u>Employees not classified by JEA Human Resources as employed under appointed status. "Appointed status" employees can generally be described as JEA management staff employees who are exempt from the Civil Service System and serve under the JEA Board of Directors, the JEA managing director, or the JEA chief executive officer.</u>

[*Note: The elections under the ER column apply to any Pick-Up Contributions authorized under AA §6-1(d) and any After-Tax Employee Contributions authorized under AA §6-6, unless elected otherwise under subsection (k).*]

**SECTION 4
MINIMUM AGE AND SERVICE REQUIREMENTS**

4-1 **ELIGIBILITY REQUIREMENTS – MINIMUM AGE AND SERVICE:** An Eligible Employee (as defined in AA §3-1) who satisfies the minimum age and service conditions under this AA §4-1 will be eligible to participate under the Plan as of his/her Entry Date (as defined in AA §4-2 below).

(a) **Service Requirement.** An Eligible Employee must complete the following minimum service requirements to participate in the Plan.

- | Match | ER | |
|--------------------------|-------------------------------------|---|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | (1) There is no minimum service requirement for participation in the Plan. |
| <input type="checkbox"/> | <input type="checkbox"/> | (2) ___ Year(s) of Service (as defined in Section 2.03(a)(1) of the Plan and AA §4-3). |
| <input type="checkbox"/> | <input type="checkbox"/> | (3) The completion of at least ___ Hours of Service during the first ___ months of employment or the completion of a Year of Service (as defined in AA §4-3), if earlier. |
| | | <input type="checkbox"/> (i) An Employee who completes the required Hours of Service satisfies eligibility at the end of the designated period, regardless if the Employee actually works for the entire period. |
| | | <input type="checkbox"/> (ii) An Employee who completes the required Hours of Service must also be employed continuously during the designated period of employment. See Section 2.03(a)(2) of the Plan for rules regarding the application of this subsection (ii). |
| <input type="checkbox"/> | <input type="checkbox"/> | (4) The completion of ___ Hours of Service during an Eligibility Computation Period. [<i>An Employee satisfies the service requirement immediately upon completion of the designated Hours of Service rather than at the end of the Eligibility Computation Period.</i>] |
| <input type="checkbox"/> | <input type="checkbox"/> | (5) Full-time Employees are eligible to participate as set forth in subsection (i). Employees who are “part-time” Employees must complete a Year of Service (as defined in AA §4-3). For this purpose, a full-time Employee is any Employee not defined in subsection (ii). |
| | | (i) Full-time Employees must complete the following minimum service requirements to participate in the Plan: |
| | | <input type="checkbox"/> (A) There is no minimum service requirement for participation in the Plan. |
| | | <input type="checkbox"/> (B) The completion of at least ___ Hours of Service during the first ___ months of employment or the completion of a Year of Service (as defined in AA §4-3), if earlier. |
| | | <input type="checkbox"/> (C) Under the Elapsed Time method as defined in AA §4-3(c) below. |
| | | <input type="checkbox"/> (D) Describe: _ |
| | | (ii) Part-time Employees must complete a Year of Service (as defined in AA §4-3). For this purpose, a part-time Employee is any Employee (including a temporary or seasonal Employee) whose normal work schedule is less than: |
| | | <input type="checkbox"/> (A) ___ hours per week. |
| | | <input type="checkbox"/> (B) ___ hours per month. |
| | | <input type="checkbox"/> (C) ___ hours per year. |
| <input type="checkbox"/> | <input type="checkbox"/> | (6) Under the Elapsed Time method as defined in AA §4-3(c) below. |
| <input type="checkbox"/> | <input type="checkbox"/> | (7) Describe eligibility conditions: _____ |

(b) **Minimum Age Requirement.** An Eligible Employee (as defined in AA §3-1) must have attained the following age with respect to the contribution source(s) identified in this AA §4-1(b).

- | Match | ER | |
|--------------------------|-------------------------------------|---|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | (1) There is no minimum age for Plan eligibility. |
| <input type="checkbox"/> | <input type="checkbox"/> | (2) Age 21. |
| <input type="checkbox"/> | <input type="checkbox"/> | (3) Age ____. |

(c) **Special eligibility rules.** The following special eligibility rules apply with respect to the Plan: _____

[Note: Any elections under the ER column under this AA §4-1 apply to any Pick-Up Contributions authorized under AA §6-1(d) and any After-Tax Employee Contributions authorized under AA §6-6, unless elected otherwise under subsection (c). Subsection (c) may be used to apply the eligibility conditions selected under this AA §4-1 separately with respect to different Employee groups or different contribution formulas under the Plan. Any special rules under subsection (c) must be definitely determinable.]

4-2 **ENTRY DATE:** An Eligible Employee (as defined in AA §3-1) who satisfies the minimum age and service requirements in AA §4-1 shall be eligible to participate in the Plan as of his/her Entry Date. For this purpose, the Entry Date is the following date with respect to the contribution source(s) identified under this AA §4-2.

- | Match | ER | |
|--------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | (a) Immediate. The date the minimum age and service requirements are satisfied (or date of hire, if no minimum age and service requirements apply). |
| <input type="checkbox"/> | <input type="checkbox"/> | (b) Semi-annual. The first day of the 1st and 7th month of the Plan Year. |
| <input type="checkbox"/> | <input type="checkbox"/> | (c) Quarterly. The first day of the 1st, 4th, 7th and 10th month of the Plan Year. |
| <input type="checkbox"/> | <input type="checkbox"/> | (d) Monthly. The first day of each calendar month. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | (e) Payroll period. The first day of the payroll period. |
| <input type="checkbox"/> | <input type="checkbox"/> | (f) The first day of the Plan Year. |

An Eligible Employee’s Entry Date (as defined above) is determined based on when the Employee satisfies the minimum age and service requirements in AA §4-1. For this purpose, an Employee’s Entry Date is the Entry Date:

- | Match | ER | |
|--------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | (g) next following satisfaction of the minimum age and service requirements. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | (h) coinciding with or next following satisfaction of the minimum age and service requirements. |
| <input type="checkbox"/> | <input type="checkbox"/> | (i) nearest the satisfaction of the minimum age and service requirements. |
| <input type="checkbox"/> | <input type="checkbox"/> | (j) preceding the satisfaction of the minimum age and service requirements. |

This section may be used to describe any special rules for determining Entry Dates under the Plan. For example, if different Entry Date provisions apply for the same contribution sources with respect to different groups of Employees, such different Entry Date provisions may be described below.

- | Match | ER | |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | (k) Describe any special rules that apply with respect to the Entry Dates under this AA §4-2: _____ |

[Note: The elections under the ER column under this AA §4-2 apply to any Pick-Up Contributions selected under AA §6-1(d) and any After-Tax Employee Contributions selected under AA §6-6, unless elected otherwise under subsection (k). Any special rules under subsection (k) must be definitely determinable.]

4-3 **DEFAULT ELIGIBILITY RULES.** In applying the minimum age and service requirements under AA §4-1 above, the following default rules apply with respect to all contribution sources under the Plan:

- **Year of Service.** An Employee earns a Year of Service for eligibility purposes upon completing 1,000 Hours of Service during an Eligibility Computation Period. Hours of Service are calculated based on actual hours worked during the Eligibility Computation Period. (See Section 1.56 of the Plan for the definition of Hours of Service.)
- **Eligibility Computation Period.** If one Year of Service is required for eligibility, the Plan will determine subsequent Eligibility Computation Periods on the basis of Plan Years. (See Section 2.03(a)(3)(i) of the Plan). If more than one Year of Service is required for eligibility, the Plan will determine subsequent Eligibility Computation Periods on the basis of Anniversary Years. (See Section 2.03(a)(3)(ii) of the Plan.)

To override the default eligibility rules, complete the applicable sections of this AA §4-3. **If this AA §4-3 is not completed for a particular contribution source, the default eligibility rules apply.**

Match	ER	
<input type="checkbox"/>	<input type="checkbox"/>	(a) Year of Service. Instead of 1,000 Hours of Service, an Employee earns a Year of Service upon the completion of ____ Hours of Service during an Eligibility Computation Period.
<input type="checkbox"/>	<input type="checkbox"/>	(b) Eligibility Computation Period (ECP). The Plan will use Anniversary Years, unless more than one Year of Service is required under AA §4-1(a), in which case the Plan will shift to Plan Years if the Employee does not earn a Year of Service during the first Eligibility Computation Period. (See Section 2.03(a)(3)(ii) of the Plan.)
<input type="checkbox"/>	<input type="checkbox"/>	(c) Elapsed Time method. Eligibility service will be determined under the Elapsed Time method. An Eligible Employee (as defined in AA §3-1) must complete a ____ month period of service to participate in the Plan. (See Section 2.03(a)(6) of the Plan.) <i>[Note: Under the Elapsed Time method, service will be measured from the Employee’s employment commencement date (or reemployment commencement date, if applicable) without regard to the Eligibility Computation Period designated in Section 2.03(a)(3) of the Plan.]</i>
<input type="checkbox"/>	<input type="checkbox"/>	(d) Equivalency Method. For purposes of determining an Employee’s Hours of Service for eligibility, the Plan will use the Equivalency Method (as defined in Section 2.03(a)(5) of the Plan). The Equivalency Method will apply to: <ul style="list-style-type: none"> <input type="checkbox"/> (1) All Employees. <input type="checkbox"/> (2) Only Employees for whom the Employer does not maintain hourly records. For Employees for whom the Employer maintains hourly records, eligibility will be determined based on actual hours worked. Hours of Service for eligibility will be determined under the following Equivalency Method. <input type="checkbox"/> (3) Monthly. 190 Hours of Service for each month worked. <input type="checkbox"/> (4) Weekly. 45 Hours of Service for each week worked. <input type="checkbox"/> (5) Daily. 10 Hours of Service for each day worked. <input type="checkbox"/> (6) Semi-monthly. 95 Hours of Service for each semi-monthly period worked.
<input type="checkbox"/>	<input type="checkbox"/>	(e) Special eligibility provisions. _____

[Note: The elections under the ER column under this AA §4-3 apply to any Pick-Up Contributions authorized under AA §6-1(d) and any After-Tax Employee Contributions selected under AA §6-6, unless elected otherwise under subsection (e). Any special rules under subsection (e) must be definitely determinable.]

4-4 **EFFECTIVE DATE OF MINIMUM AGE AND SERVICE REQUIREMENTS.** The minimum age and/or service requirements under AA §4-1 apply to all Employees under the Plan. An Employee will participate with respect to all contribution sources under the Plan as of his/her Entry Date, taking into account all service with the Employer, including service earned prior to the Effective Date.

To allow Employees hired on a specified date to enter the Plan without regard to the minimum age and/or service conditions, complete this AA §4-4.

Match ER

An Eligible Employee who is employed by the Employer on the following date will become eligible to enter the Plan without regard to minimum age and/or service requirements (as designated below):

- (a) the Effective Date of this Plan (as designated in the Employer Signature Page).
- (b) the date the Plan is executed by the Employer (as indicated on the Employer Signature Page).
- (c) _____ [insert date]

An Eligible Employee who is employed on the designated date will become eligible to participate in the Plan without regard to the minimum age and service requirements under AA §4-1. If both minimum age and service conditions are not waived, select (d) or (e) to designate which condition is waived under this AA §4-4.

- (d) This AA §4-4 only applies to the minimum service condition.
- (e) This AA §4-4 only applies to the minimum age condition.

The provisions of this AA §4-4 apply to all Eligible Employees employed on the designated date unless designated otherwise under subsection (f) or (g) below.

- (f) The provisions of this AA §4-4 apply to the following group of Employees employed on the designated date: _____
- (g) Describe special rules: _____

[Note: An Employee who is employed as of the date described in this AA §4-4 will be eligible to enter the Plan as of such date unless a different Entry Date is designated under subsection (g). The elections under the ER column apply to any Pick-Up Contributions authorized under AA §6-1(d) and any After-Tax Employee Contributions selected under AA §6-6, unless elected otherwise under subsection (g). Any special rules under subsection (g) must be definitely determinable.]

4-5 SERVICE WITH PREDECESSOR EMPLOYER. Service with the following Predecessor Employers will be counted for purposes of determining eligibility, vesting and allocation conditions under this Plan, unless designated otherwise under subsection (a) or (b) below. (See Sections 2.06, 3.07(b) and 6.07 of the Plan.)

(a) The Plan will count service with the following Predecessor Employers:

	Eligibility	Vesting	Allocation Conditions
<input type="checkbox"/> (1) _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(b) Describe any special provisions applicable to Predecessor Employer service: _____

4-6 BREAKS IN SERVICE. Generally, an Employee will be credited with all service earned with the Employer, including service earned prior to a Break in Service. To disregard service earned prior to a Break in Service for eligibility purposes, complete this AA §4-6. (See Section 2.07 of the Plan.)

- (a) If an Employee incurs at least one Break in Service, the Plan will disregard all service earned prior to such Break in Service for purposes of determining eligibility to participate.
- (b) If an Employee incurs at least _____ Breaks in Service, the Plan will disregard all service earned prior to such Break in Service for purposes of determining eligibility to participate. [Enter "0" if prior service will be disregarded for all rehired Employees.]
- (c) Describe: _____

**SECTION 5
COMPENSATION DEFINITIONS**

5-1 **TOTAL COMPENSATION.** Total Compensation is based on the definition set forth under this AA §5-1. See Section 1.89 of the Plan for a specific definition of the various types of Total Compensation.

- (a) W-2 Wages
- (b) Code §415 Compensation
- (c) Wages under Code §3401(a)

[For purposes of determining Total Compensation, each definition includes Elective Deferrals as defined in Section 1.35 of the Plan, pre-tax contributions to a Code §125 cafeteria plan or a Code §457 plan, and qualified transportation fringes under Code §132(f)(4).]

5-2 **POST-SEVERANCE COMPENSATION.** Total Compensation includes post-severance compensation, to the extent provided in Section 1.89(b) of the Plan.

- (a) **Exclusion of post-severance compensation from Total Compensation.** The following amounts paid after a Participant’s severance of employment are excluded from Total Compensation.
 - (1) **Unused leave payments.** Payment for unused accrued bona fide sick, vacation, or other leave, but only if the Employee would have been able to use the leave if employment had continued.
 - (2) **Deferred compensation.** Payments received by an Employee pursuant to a nonqualified unfunded deferred compensation plan, but only if the payment would have been paid to the Employee at the same time if the Employee had continued in employment and only to the extent that the payment is includible in the Employee’s gross income.

[Note: Plan Compensation (as defined in Section 1.72 of the Plan) includes any post-severance compensation amounts that are includible in Total Compensation. The Employer may elect to exclude all compensation paid after severance of employment from the definition of Plan Compensation under AA §5-3(j) or may elect to exclude specific types of post-severance compensation from Plan Compensation under AA §5-3(l).]

- (b) **Continuation payments for disabled Participants.** Unless designated otherwise under this subsection (b), Total Compensation does not include continuation payments for disabled Participants.
 - Payments to disabled Participants.** Total Compensation shall include post-severance compensation paid to a Participant who is permanently and totally disabled, as provided in Section 1.89(c) of the Plan.

5-3 **PLAN COMPENSATION:** Plan Compensation is **Total Compensation** (as defined in AA §5-1 above) with the following exclusions described below.

Match	ER	
<input type="checkbox"/>	<input type="checkbox"/>	(a) No exclusions.
<input type="checkbox"/>	<input type="checkbox"/>	(b) Elective Deferrals (as defined in Section 1.35 of the Plan), pre-tax contributions to a cafeteria plan or a Code §457 plan, and qualified transportation fringes under Code §132(f)(4) are excluded.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	(c) All fringe benefits (cash and noncash), reimbursements or other expense allowances, moving expenses, deferred compensation, and welfare benefits are excluded.
<input type="checkbox"/>	<input type="checkbox"/>	(d) Compensation above \$___ is excluded.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	(e) Amounts received as a bonus are excluded.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	(f) Amounts received as commissions are excluded.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	(g) Overtime payments are excluded.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	(h) Amounts received for services performed for a non-signatory Related Employer are excluded. (See Section 2.02(c) of the Plan.)
<input type="checkbox"/>	<input type="checkbox"/>	(i) “Deemed §125 compensation” as defined in Section 1.89(d) of the Plan.

Match	ER	
<input type="checkbox"/>	<input type="checkbox"/>	(j) Amounts received after termination of employment are excluded. (See Section 1.89(b) of the Plan.)
<input type="checkbox"/>	<input type="checkbox"/>	(k) Differential Pay (as defined in Section 1.89(e) of the Plan).
<input type="checkbox"/>	<input checked="" type="checkbox"/>	(l) Describe adjustments to Plan Compensation: <u>The Plan provides for two tiers of contributions: Regular and Additional. Within each tier, there are two types of contributions: Employer Contributions and Pick-Up Contributions. For purposes of Regular Employer Contributions and Regular Pick-Up Contributions, the definition of Plan Compensation is determined by reference to all of the selected elections in this AA §5-3. Additionally, for purposes of Regular Employer Contributions and Regular Pick-Up Contributions, the definition of Plan Compensation excludes: unused leave that a Participant defers immediately prior to retirement to the JEA 457 Deferred Compensation Plan and rollback and sellback pay for annual leave. For the avoidance of doubt, for purposes of Regular Employer Contributions and Regular Pick-Up Contributions, election (e) in this AA §5-3, which excludes amounts received as bonus, operates to exclude any and all amounts of annual one-time performance pay from the definition of Plan Compensation. In contrast, for purposes of Additional Employer Contributions and Additional Pick-Up Contributions, the only type of compensation that is considered to be Plan Compensation is the gross amount (before any deductions) of the annual one-time performance pay, if any, that the Participant receives from the Employer maintaining the Plan (JEA); all other types of compensation are excluded. For the avoidance of doubt, for purposes of Additional Employer Contributions and Additional Pick-Up Contributions, the definition of Plan Compensation excludes post-severance annual one-time performance pay, regardless of whether such post-severance annual one-time performance pay is received before or after the later of: 2½ months after severance from employment with the Employer maintaining the Plan or the end of the Limitation Year that includes the date of severance from employment.</u>

[*Note: Any modification under subsection (l) must be definitely determinable and preclude Employer discretion. The elections under the ER column under this AA §5-3 apply to any Pick-Up Contributions authorized under AA §6-1(d) and any After-Tax Employee Contributions selected under AA §6-6, unless elected otherwise under subsection (l).*]

5-4 PERIOD FOR DETERMINING COMPENSATION.

- (a) **Compensation Period.** Plan Compensation will be determined on the basis of the following period(s) for the contribution sources identified in this AA §5-4. [*If a period other than the Plan Year applies for any contribution source, any reference to the Plan Year as it refers to Plan Compensation for that contribution source will be deemed to be a reference to the period designated under this AA §5-4.*]

Match	ER	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	(1) The Plan Year.
<input type="checkbox"/>	<input type="checkbox"/>	(2) The calendar year ending in the Plan Year.
<input type="checkbox"/>	<input type="checkbox"/>	(3) The Employer's fiscal tax year ending in the Plan Year.
<input type="checkbox"/>	<input type="checkbox"/>	(4) The 12-month period ending on ____ which ends during the Plan Year.

- (b) **Compensation while a Participant.** Unless provided otherwise under this subsection (b), in determining Plan Compensation, only compensation earned while an individual is a Participant under the Plan with respect to a particular contribution source will be taken into account.

To count compensation for the entire Plan Year for a particular contribution source, including compensation earned while an individual is not a Participant with respect to such contribution source, check below. (See Section 1.72(b) of the Plan.)

Match

ER

All compensation earned during the Plan Year will be taken into account, including compensation earned while an individual is not a Participant.

- (c) **Few weeks rule.** The few weeks rule (as described in Section 5.02(c)(7)(ii) of the Plan) will not apply unless designated otherwise under this subsection (c).

- Amounts earned but not paid during a Limitation Year solely because of the timing of pay periods and pay dates shall be included in Total Compensation for the Limitation Year, provided the amounts are paid during the first few weeks of the next Limitation Year, the amounts are included on a uniform and consistent basis with respect to all similarly situated Employees, and no amounts are included in more than one Limitation Year.

SECTION 6

EMPLOYER AND EMPLOYEE CONTRIBUTIONS

- 6-1 **EMPLOYER/ EMPLOYEE CONTRIBUTIONS.** The Employer/Employee may make the following contributions under the Plan:

- (a) Employer Contributions under AA §6-2
- (b) Voluntary After-Tax Employee Contributions under AA §6-6(a)
- (c) Mandatory After-Tax Employee Contributions under AA §6-6(b)
- (d) Employer Pick-Up Contributions under AA §6-6(c)
- (e) N/A. No Employer/Employee Contributions are permitted under the Plan [Skip to Section 6A]

- 6-2 **EMPLOYER CONTRIBUTION FORMULA.** For the period designated in AA §6-4(a) below, the Employer will make the following Employer Contributions on behalf of Participants who satisfy the allocation conditions designated in AA §6-5 below. Any Employer Contribution authorized under this AA §6-2 will be allocated in accordance with the allocation formula selected under AA §6-3.

- (a) **Discretionary contribution.** The Employer will determine in its sole discretion how much, if any, it will make as an Employer Contribution.
- (b) **Fixed contribution.**
 - (1) **Fixed percentage.** ___% of each Participant’s Plan Compensation.
 - (2) **Fixed dollar.** \$___ for each Participant.
 - (3) **Determined in accordance with the terms of the Employment contract** between an Eligible Employee and the Employer. [If this subsection (3) is checked, the provisions of an Employment contract addressing retirement benefits will override any selection under this AA §6-2.]
- (c) **Service-based contribution.** The Employer will make the following contribution:
 - (1) **Discretionary.** A discretionary contribution determined as a uniform percentage of Plan Compensation or a uniform dollar amount for each period of service designated below.
 - (2) **Fixed percentage.** ___% of Plan Compensation paid for each period of service designated below.
 - (3) **Fixed dollar.** \$___ for each period of service designated below.

The service-based contribution will be based on the following periods of service:

- (4) Each Hour of Service
- (5) Each week of employment
- (6) Describe period: _____

The service-based contribution is subject to the following rules.

- (7) Describe any special provisions that apply to service-based contribution: _____

- (d) **Describe special rules for determining contributions under Plan:** The Plan provides for two tiers of contributions: Regular and Additional. Within each tier, the Plan provides for Employer Contributions. Election (a) in this AA §6-2 applies to both Regular Employer Contributions and Additional Employer Contributions. Thus, Regular Employer Contributions are discretionary, and Additional Employer Contributions are discretionary.

[*Note: Any special rules under subsection (d) must be definitely determinable.*]

6-3 ALLOCATION FORMULA.

- (a) **Pro rata allocation.** The discretionary Employer Contribution under AA §6-2(a) will be allocated:
 - (1) as a uniform percentage of Plan Compensation.
 - (2) as a uniform dollar amount.
- (b) **Fixed contribution.** The fixed Employer Contribution under AA §6-2(b) will be allocated in accordance with the selections made under AA §6-2(b).
- (c) **Permitted disparity allocation.** The discretionary Employer Contribution under AA §6-2(a) will be allocated under the two-step method (as defined in Section 3.02(a)(1)(i)(B)(I) of the Plan), using the Taxable Wage Base (as defined in Section 1.87 of the Plan) as the Integration Level.

To modify these default rules, complete the appropriate provision(s) below.

- (1) **Integration Level.** Instead of the Taxable Wage Base, the Integration Level is:
 - (i) ____% of the Taxable Wage Base, increased (but not above the Taxable Wage Base) to the next higher:

<input type="checkbox"/> (A) N/A	<input type="checkbox"/> (B) \$1
<input type="checkbox"/> (C) \$100	<input type="checkbox"/> (D) \$1,000
 - (ii) \$____ (not to exceed the Taxable Wage Base)
 - (iii) 20% of the Taxable Wage Base

[*Note: See Section 3.02(a)(1)(i)(B)(IV) of the Plan for rules regarding the Maximum Disparity Rate that may be used where an Integration Level other than the Taxable Wage Base is selected.*]

- (2) **Describe** special rules for applying permitted disparity allocation formula: _____
[*Note: Any special rules under subsection (2) must be definitely determinable.*]
- (d) **Uniform points allocation.** The discretionary Employer Contribution designated in AA §6-2(a) will be allocated to each Participant in the ratio that each Participant's total points bears to the total points of all Participants. A Participant will receive the following points:
 - (1) ____ point(s) for each ____ year(s) of age (attained as of the end of the Plan Year).
 - (2) ____ points for each \$____ of Plan Compensation.
 - (3) ____ point(s) for each ____ Year(s) of Service. For this purpose, Years of Service are determined:
 - (i) In the same manner as determined for eligibility.
 - (ii) In the same manner as determined for vesting.
 - (iii) Points will not be provided with respect to Years of Service in excess of ____.
- (e) **Employee group allocation.** The Employer may make a separate discretionary Employer Contribution to the Participants in the following allocation groups. The Employer must notify the Trustee in writing of the amount of the contribution to be allocated to each allocation group.
 - (1) A separate discretionary Employer Contribution may be made to each Participant of the Employer (i.e., each Participant is in his/her own allocation group).
 - (2) A separate discretionary or fixed Employer Contribution may be made to the following allocation groups. If no fixed amount is designated for a particular allocation group, the contribution made for such allocation group will be allocated as a uniform percentage of Plan Compensation or as a uniform dollar amount to all Participants within that allocation group.

[*Note: The Employee allocation groups designated above must be clearly defined in a manner that will not violate the definite allocation formula requirement of Treas. Reg. §1.401-1(b)(1)(ii).*]

(3) **Special rules.**

(i) **More than one Employee group.** Unless designated otherwise under this subsection (i), if a Participant is in more than one allocation group described in (2) above during the Plan Year, the Participant will receive an Employer Contribution based on the Participant’s status on the last day of the Plan Year. (See Section 3.02(a)(1)(i)(D) of the Plan.)

Determined separately for each Employee group. If a Participant is in more than one allocation group during the Plan Year, the Participant’s share of the Employer Contribution will be based on the Participant’s status for the part of the year the Participant is in each allocation group.

(ii) **Describe:** _____

[*Note: Any special rules under subsection (ii) must be definitely determinable.*]

(f) **Age-based allocation.** The discretionary Employer Contribution designated in AA §6-2(a) will be allocated under the age-based allocation formula so that each Participant receives a pro rata allocation based on adjusted Plan Compensation. For this purpose, a Participant’s adjusted Plan Compensation is determined by multiplying the Participant’s Plan Compensation by an Actuarial Factor (as described in Section 1.03 of the Plan).

A Participant’s Actuarial Factor is determined based on a specified interest rate and mortality table. Unless designated otherwise under (1) or (2) below, the Plan will use an applicable interest rate of 8.5% and a UP-1984 mortality table.

(1) **Applicable interest rate.** Instead of 8.5%, the Plan will use an interest rate of ___% (must be between 7.5% and 8.5%) in determining a Participant’s Actuarial Factor.

(2) **Applicable mortality table.** Instead of the UP-1984 mortality table, the Plan will use the following mortality table in determining a Participant’s Actuarial Factor: _____

(3) **Describe special rules applicable to age-based allocation:** _____

[*Note: See Exhibit A of the Plan for sample Actuarial Factors based on an 8.5% applicable interest rate and the UP-1984 mortality table. If an interest rate or mortality table other than 8.5% or UP-1984 is selected, appropriate Actuarial Factors must be calculated.*]

(g) **Service-based allocation formula.** The service-based Employer Contribution selected in AA §6-2(c) will be allocated in accordance with the selections made in AA §6-2(c).

(h) **Describe special rules for determining allocation formula:** The Plan provides for two tiers of contributions: Regular and Additional. Within each tier, the Plan provides for discretionary Employer Contributions. Election (a) in this AA §6-3 applies to both Regular Employer Contributions and Additional Employer Contributions. Thus, the discretionary Regular Employer Contributions are allocated as a uniform percentage of Plan Compensation (as the term Plan Compensation is defined for purposes of Regular Employer Contributions), and the discretionary Additional Employer Contributions are allocated as a uniform percentage of Plan Compensation (as the term Plan Compensation is defined for purposes of Additional Employer Contributions).

[*Note: Any special rules under subsection (h) must be definitely determinable.*]

6-4 **SPECIAL RULES.** No special rules apply with respect to Employer/Employee Contributions under the Plan, except to the extent designated under this AA §6-4. Unless designated otherwise, in determining the amount of the Employer/Employee Contributions to be allocated under this AA §6, the contribution will be based on Plan Compensation earned during the Plan Year.

(a) **Period for determining Employer/Employee Contributions.** Instead of the Plan Year, Employer/Employee Contributions will be determined based on Plan Compensation earned during the following period: [*The Plan Year must be used if the permitted disparity allocation method is selected under AA §6-3(c) above.*]

(1) Plan Year quarter

(2) calendar month

(3) payroll period

(4) Other: Plan Year or at an earlier date as determined by the Plan Administrator

[*Note: Although Employer Contributions are determined on the basis of Plan Compensation earned during the period designated under this subsection (a), this does not require the Employer to actually make contributions or allocate contributions on the basis of such period. Employer Contributions may be contributed and allocated to Participants at any time within the contribution period permitted under Treas. Reg. §1.415(c)-1(b)(6)(B), regardless of the period selected under this subsection (a).*]

- (b) **Limit on Employer Contributions.** The Employer Contribution elected in AA §6-2 may not exceed:
 - (1) ___% of Plan Compensation
 - (2) \$___
 - (3) Describe: _____
- (c) **Offset of Employer Contribution.**
 - (1) A Participant’s allocation of Employer Contributions under AA §6-2 of this Plan is reduced by contributions under _____ [insert name of plan(s)]. (See Section 3.02(a)(1) of the Plan.)
 - (2) In applying the offset under this subsection (c), the following rules apply: _____
- (d) **Special rules:** _____
 [Note: Any special rules under subsection (d) must be definitely determinable.]

6-5 **ALLOCATION CONDITIONS.** A Participant must satisfy any allocation conditions designated under this AA §6-5 to receive an allocation of Employer Contributions under the Plan. [Note: No allocation conditions apply to After-Tax Employee Contributions or Employer Pick-Up Contributions under AA §6-6.]

- (a) **No allocation conditions** apply with respect to Employer Contributions under the Plan.
- (b) **Employment condition.** An Employee must be employed with the Employer on the last day of the Plan Year.
- (c) **Minimum service condition.** An Employee must be credited with at least:
 - (1) ___ Hours of Service during the Plan Year.
 - (i) Hours of Service are determined using actual Hours of Service.
 - (ii) Hours of Service are determined using the following Equivalency Method (as defined under Section 2.03(a)(5) of the Plan):

<input type="checkbox"/> (A) Monthly	<input type="checkbox"/> (B) Weekly
<input type="checkbox"/> (C) Daily	<input type="checkbox"/> (D) Semi-monthly
 - (2) ___ consecutive days of employment with the Employer during the Plan Year.
- (d) **Exceptions.**
 - (1) The above allocation condition(s) will **not** apply if the Employee:
 - (i) dies during the Plan Year.
 - (ii) terminates employment due to becoming Disabled.
 - (iii) terminates employment after attaining Normal Retirement Age.
 - (iv) terminates employment after attaining Early Retirement Age.
 - (v) is on an authorized leave of absence from the Employer.
 - (2) The exceptions selected under subsection (1) will apply even if an Employee has not terminated employment at the time of the selected event(s).
 - (3) The exceptions selected under subsection (1) do not apply to:
 - (i) an employment condition under subsection (b) above.
 - (ii) a minimum service condition under subsection (c) above.
- (e) **Describe** any special rules governing the allocation conditions under the Plan: _____
 [Note: Any special rules under subsection (e) must be definitely determinable.]

6-6 **AFTER-TAX EMPLOYEE CONTRIBUTIONS AND EMPLOYER PICK-UP CONTRIBUTIONS.**

- (a) **Voluntary After-Tax Employee Contributions.** If permitted under this subsection (a), a Participant may contribute any amount as Voluntary After-Tax Employee Contributions up to the Code §415 Limitation (as defined in Section 5.02 of the Plan), except as limited under this subsection (a).
 - (1) **Limits on Voluntary After-Tax Employee Contributions.** If this subsection (1) is checked, the following limits apply to Voluntary After-Tax Employee Contributions:
 - (i) **Maximum limit.** A Participant may make Voluntary After-Tax Employee Contributions up to:

<input type="checkbox"/> (A) _____% of Plan Compensation
<input type="checkbox"/> (B) \$_____

for the following period:

- (C) the entire Plan Year.
- (D) the portion of the Plan Year during which the Employee is eligible to participate.
- (E) each separate payroll period during which the Employee is eligible to participate.
- (ii) **Minimum limit.** The amount of Voluntary After-Tax Employee Contributions a Participant may make for any payroll period may not be less than:
 - (A) _____% of Plan Compensation
 - (B) \$_____
- (2) **Change or revocation of Voluntary After-Tax Employee Contributions.** In addition to the Participant’s Entry Date under the Plan, a Participant’s election to change or resume Voluntary After-Tax Employee Contributions will be effective as of the dates designated under the Voluntary After-Tax Employee Contribution election form or other written procedures adopted by the Plan Administrator. Alternatively, the Employer may designate under this subsection (2) specific dates as of which a Participant may change or resume Voluntary After-Tax Employee Contributions. (See Section 3.04 of the Plan.)
 - (i) The first day of each calendar quarter.
 - (ii) The first day of each Plan Year.
 - (iii) The first day of each calendar month.
 - (iv) The beginning of each payroll period.
 - (v) Other: _____

[Note: A Participant must be permitted to change or revoke a Voluntary After-Tax Employee Contribution election at least once per year. Unless designated otherwise under subsection (v), a Participant may revoke an election to make Voluntary After-Tax Employee Contributions (on a prospective basis) at any time. This subsection (2) also applies to any Employer Pick-Up Contributions selected under subsection (c) below, unless designated otherwise under subsection (c)(2).]

- (3) **Other limits or special rules relating to Voluntary After-Tax Employee Contributions:** _____
[Note: Any limits described under this subsection (3) must be consistent with the provisions of Section 3.04 of the Plan.]

- (b) **Mandatory After-Tax Employee Contributions.** If this subsection (b) is checked, Employees are required to make Mandatory After-Tax Employee Contributions in order to participate under the Plan.

- (1) **Amount of Mandatory After-Tax Employee Contributions.** Employees are required to contribute the following amount in order to participate in the Plan:
 - (i) _____% of each Employee’s Total Compensation.
 - (ii) \$_____ for each Participant.
 - (iii) Describe rate or amount: _____
- (2) **Special rules applicable to Mandatory After-Tax Employee Contributions:** _____

- (c) **Employer Pick-Up Contributions.** Each Participant will be required to make a Pick-up Contribution to the Plan equal to the amount specified under this subsection (c). Any amounts contributed pursuant to this subsection (c) will be picked up by the Employer pursuant to Code §414(h) and will be treated as Employer Contributions under the Plan. Such contributions and earnings thereon will be 100% vested at all times. (See Section 3.03 of the Plan.)

- (1) The following amounts will be contributed to the Plan as an Employer Pick-Up Contribution:
 - (i) _____% of Plan Compensation.
 - (ii) \$_____ per pay period.
 - (iii) Any amount from _____% to _____% of Plan Compensation, as designated by the Participant.

- (2) **Special rules applicable to Employer Pick-Up Contributions:** The Plan provides for two tiers of contributions: Regular and Additional. Within each tier, the Plan provides for Pick-Up Contributions. For purposes of Regular Pick-Up Contributions, the amount that will be contributed to the Plan as an Employer Pick-Up Contribution is 0%, 2%, 5%, 10%, or 20% of Plan Compensation (as the term Plan Compensation is defined for purposes of Regular Pick-Up Contributions), as designated by the Participant. For purposes of Additional

Pick-Up Contributions, the amount that will be contributed to the Plan as an Employer Pick-Up Contribution is 0%, 10%, 25%, 50%, or 100% of Plan Compensation (as the term Plan Compensation is defined for purposes of Additional Pick-Up Contributions), as designated by the Participant.

[*Note: Any Employer Pick-Up Contributions made under this subsection (c) must satisfy the requirements of Section 3.03 of the Plan. See AA §11-4 for an Employee’s ability to elect out of making Employer Pick-Up Contributions.*]

**SECTION 6A
MATCHING CONTRIBUTIONS**

6A-1 **MATCHING CONTRIBUTIONS.** Is the Employer authorized to make Matching Contributions under the Plan? [*Note that this Section 6A only applies if the Employer is matching Elective Deferral made under another plan maintained by the Employer or with respect to Pick-Up Contributions or After-Tax Employee Contributions under this Plan.*]

- Yes.**
 No. [*If “No” is checked, skip to Section 7.*]

6A-2 **MATCHING CONTRIBUTION FORMULA:** For the period designated in AA §6A-5 below, the Employer will make the following Matching Contribution on behalf of Participants who satisfy the allocation conditions under AA §6A-6 below. [*See AA §6A-3 for the definition of Eligible Contributions for purposes of the Matching Contributions under the Plan.*]

- (a) **Discretionary match.** The Employer will determine in its sole discretion how much, if any, it will make as a Matching Contribution. Such amount can be determined either as a uniform percentage of deferrals or as a flat dollar amount for each Participant.
- (b) **Fixed match.** The Employer will make a Matching Contribution for each Participant equal to:
- (1) ___% of Eligible Contributions made for each period designated in AA §6A-5 below.
 (2) \$___ for each period designated in AA §6A-5 below.
- (c) **Tiered match.** The Employer may make a Matching Contribution to all Participants based on the following tiers of Eligible Contributions as a percentage of Plan Compensation.

Eligible Contributions	Fixed Match	Discretionary Match
<input type="checkbox"/> (1) Up to ___% of Plan Compensation	_____%	<input type="checkbox"/>
<input type="checkbox"/> (2) From ___% up to ___% of Plan Compensation	_____%	<input type="checkbox"/>
<input type="checkbox"/> (3) From ___% up to ___% of Plan Compensation	_____%	<input type="checkbox"/>
<input type="checkbox"/> (4) From ___% up to ___% of Plan Compensation	_____%	<input type="checkbox"/>

- (d) **Year of Service match.** The Employer will make a Matching Contribution as a uniform percentage of Eligible Contributions (as defined in AA §6A-3) to all Participants based on Years of Service with the Employer.

Years of Service	Matching %
<input type="checkbox"/> (1) From ___ up to ___ Years of Service	_____%
<input type="checkbox"/> (2) From ___ up to ___ Years of Service	_____%
<input type="checkbox"/> (3) From ___ up to ___ Years of Service	_____%
<input type="checkbox"/> (4) From ___ up to ___ Years of Service	_____%
<input type="checkbox"/> (5) Years of Service equal to and above ___	_____%

For this purpose, a Year of Service is each Plan Year during which an Employee completes at least 1,000 Hours of Service. Alternatively, a Year of Service is: _____

[*Note: Any alternative definition of a Year of Service must meet the requirements of a Year of Service as defined in Section 2.03(a)(1) of the Plan.*]

- (e) **Based on employment agreement.** The Employer will make a Matching Contribution determined in accordance with the terms of the Employment agreement between an Eligible Employee and the Employer. [*If this subsection (e) is checked, the provisions of an Employment agreement addressing retirement benefits will override any selection under this AA §6A-2.*]
- (f) **Describe special rules for determining Matching Contribution formula:** _____

6A-3 **ELIGIBLE CONTRIBUTIONS.** Unless designated otherwise under this AA §6A-3, the Matching Contribution described in AA §6A-2 will apply to all Eligible Contributions authorized under AA §6-6.

- (a) **Designated Eligible Contributions.** If this subsection (a) is checked, the Matching Contribution described in AA §6A-2 will apply only to the Eligible Contributions selected below:
 - (1) Voluntary After-Tax Employee Contributions under AA §6-6(a).
 - (2) Mandatory After-Tax Employee Contributions under AA §6-6(b).
 - (3) Employer Pick-Up Contributions under AA §6-6(c).
- (b) **Elective deferrals under another plan.** If this subsection (b) is checked, the Matching Contributions described in AA §6A-2 will apply to elective deferrals under the following plan maintained by the Employer: _____
- (c) **Special rules.** The following special rules apply for purposes of determining the Matching Contribution under this AA §6A-3: _____

[*Note: Subsection (c) may be used to describe any special provisions applicable to Matching Contributions provided with respect to Eligible Contributions under this Plan or elective deferrals made under another plan maintained by the Employer.*]

6A-4 **LIMITS ON MATCHING CONTRIBUTIONS.** In applying the Matching Contribution formula(s) selected under AA §6A-2 above, all Eligible Contributions designated under AA §6A-3 are eligible for Matching Contributions, unless elected otherwise under this AA §6A-4.

- (a) **Limit on amount of Eligible Contributions.** The Matching Contribution formula(s) selected in AA §6A-2 above apply only to Eligible Contributions under AA §6A-3 that do not exceed:
 - (1) _____% of Plan Compensation.
 - (2) \$_____.
 - (3) A discretionary amount determined by the Employer.

[*Note: If both (1) and (2) are selected, the limit under this subsection (a) is the lesser of the percentage selected in subsection (1) or the dollar amount selected in subsection (2).*]

- (b) **Limit on Matching Contributions.** The total Matching Contribution provided under the formula(s) selected in AA §6A-2 above will not exceed:
 - (1) ___% of Plan Compensation.
 - (2) \$_____.

(c) **Special limits applicable to Matching Contributions:** _____

6A-5 **PERIOD FOR DETERMINING MATCHING CONTRIBUTIONS.** The Matching Contribution formula(s) selected in AA §6A-2 above (including any limitations on such amounts under AA §6A-4) are based on Eligible Contributions under AA §6A-3 and Plan Compensation for the Plan Year. To apply a different period for determining the Matching Contributions and limits under AA §6A-2 and AA §6A-4, complete this AA §6A-5.

- (a) payroll period
 (b) Plan Year quarter
 (c) calendar month
 (d) Other: _____

[Note: Although Matching Contributions (and any limits on those Matching Contributions) will be determined on the basis of the period designated under this AA §6A-5, this does not require the Employer to actually make contributions or allocate contributions on the basis of such period. Matching Contributions may be contributed and allocated to Participants at any time within the contribution period permitted under Treas. Reg. §1.415-6, regardless of the period selected under this AA §6A-5.]

[Note: In determining the amount of Matching Contributions for a particular period, if the Employer actually makes Matching Contributions to the Plan on a more frequent basis than the period selected in this AA §6A-5, a Participant will be entitled to a true-up contribution to the extent he/she does not receive a Matching Contribution based on the Eligible Contributions under AA §6A-3 and/or Plan Compensation for the entire period selected in this AA §6A-5. If a period other than the Plan Year is selected under this AA §6A-5, the Employer may make an additional discretionary Matching Contribution equal to the true-up contribution that would otherwise be required if Plan Year was selected under this AA §6A-5. See Section 3.02(a)(2)(ii) of the Plan.]

6A-6 **ALLOCATION CONDITIONS.** A Participant must satisfy any allocation conditions designated under this AA §6A-6 to receive an allocation of Matching Contributions under the Plan.

- (a) **No allocation conditions** apply with respect to Matching Contributions under the Plan.
- (b) **Employment condition.** An Employee must be employed with the Employer on the last day of the Plan Year.
- (c) **Minimum service condition.** An Employee must be credited with at least:
- (1) _____ Hours of Service during the Plan Year.
- (i) Hours of Service are determined using actual Hours of Service.
- (ii) Hours of Service are determined using the following Equivalency Method (as defined under Section 2.03(a)(5) of the Plan):
- (A) Monthly (B) Weekly
 (C) Daily (D) Semi-monthly
- (2) _____ consecutive days of employment with the Employer during the Plan Year.
- (d) **Exceptions.**
- (1) The above allocation condition(s) will **not** apply if the Employee:
- (i) dies during the Plan Year.
 (ii) terminates employment as a result of becoming Disabled.
 (iii) terminates employment after attaining Normal Retirement Age.
 (iv) terminates employment after attaining Early Retirement Age.
 (v) is on an authorized leave of absence from the Employer.
- (2) The exceptions selected under subsection (1) will apply even if an Employee has not terminated employment at the time of the selected event(s).
- (3) The exceptions selected under subsection (1) do not apply to:
- (i) an employment condition designated under subsection (b) above.
 (ii) a minimum service condition designated under subsection (c) above.
- (e) **Describe** any special rules governing the allocation conditions under the Plan: _____

**SECTION 7
RETIREMENT AGES**

- 7-1 **NORMAL RETIREMENT AGE:** Normal Retirement Age under the Plan is:
- (a) Age 65 (not to exceed 65).
 - (b) The later of age ____ (not to exceed 65) or the ____ (not to exceed 5th) anniversary of:
 - (1) the Employee’s participation commencement date (as defined in Section 1.64 of the Plan).
 - (2) the Employee’s employment commencement date.
 - (c) _____
- 7-2 **EARLY RETIREMENT AGE:** Unless designated otherwise under this AA §7-2, there is no Early Retirement Age under the Plan.
- (a) A Participant reaches Early Retirement Age if he/she is still employed after attainment of each of the following:
 - (1) Attainment of age ____
 - (2) The ____ anniversary of the date the Employee commenced participation in the Plan, and/or
 - (3) The completion of ____ Years of Service, determined as follows:
 - (i) Same as for eligibility.
 - (ii) Same as for vesting.
 - (b) **Describe.** _____

**SECTION 8
VESTING AND FORFEITURES**

- 8-1 **CONTRIBUTIONS SUBJECT TO VESTING.** Does the Plan provide for any Employer and/or Matching Contributions that are subject to a vesting schedule under AA §8-2?
- Yes
 - No [If “No” is checked, skip to Section 9.]
- [Note: “Yes” should be checked under this AA §8-1 if the Plan provides for Employer Contributions and/or Matching Contributions that are subject to a vesting schedule, even if such contributions are always 100% vested under AA §8-2. “No” should be checked if the only contributions under the Plan are After-Tax Employee Contributions and/or Employer Pick-Up Contributions. If the Plan holds Employer Contributions and/or Matching Contributions that are subject to vesting but the Plan no longer provides for such contributions, see Sections 7.04(e) and 7.13(e) of the Plan for default rules for applying the vesting and forfeiture rules to such contributions.]*

8-2 **VESTING SCHEDULE.** The vesting schedule under the Plan is as follows for both Employer Contributions and Matching Contributions, to the extent authorized under the Plan. See Section 6.02 of the Plan for a description of the various vesting schedules under this AA §8-2.

(a) **Vesting schedule:**

Match	ER	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	(1) Full and immediate vesting.
<input type="checkbox"/>	<input type="checkbox"/>	(2) Three-year cliff vesting schedule
<input type="checkbox"/>	<input type="checkbox"/>	(3) Six-year graded vesting schedule
<input type="checkbox"/>	<input type="checkbox"/>	(4) Modified vesting schedule _____% after 1 Year of Service _____% after 2 Years of Service _____% after 3 Years of Service _____% after 4 Years of Service _____% after 5 Years of Service _____% after 6 Years of Service _____% after 7 Years of Service _____% after 8 Years of Service _____% after 9 Years of Service 100% after 10 Years of Service
<input type="checkbox"/>	<input type="checkbox"/>	(5) Other: vesting schedule: _____

(b) **Special provisions applicable to vesting schedule:** _____

[Note: This subsection (b) may be used to apply a different vesting schedule for different contribution formulas or different Employee groups under the Plan.]

8-3 **VESTING SERVICE.** In applying the vesting schedules under this AA §8, all service with the Employer counts for vesting purposes, unless designated otherwise under this AA §8-3.

- (a) Service before the original Effective Date of this Plan (or a Predecessor Plan) is excluded.
- (b) Service completed before the Employee's _____ birthday is excluded.
- (c) Describe vesting service exclusions: _____

[Note: See Section 6.07 of the Plan and AA §4-5 for rules regarding the crediting of service with Predecessor Employers for purposes of vesting under the Plan.]

8-4 **VESTING UPON DEATH, DISABILITY OR EARLY RETIREMENT AGE.** An Employee's vesting percentage increases to 100% if, while employed with the Employer, the Employee

- (a) dies
- (b) becomes Disabled
- (c) reaches Early Retirement Age
- (d) Not applicable. No increase in vesting applies.

8-5 **DEFAULT VESTING RULES.** In applying the vesting requirements under this AA §8, the following default rules apply. *[Note: No election should be made under this AA §8-5 if all contributions are 100% vested.]*

- **Year of Service.** An Employee earns a Year of Service for vesting purposes upon completing 1,000 Hours of Service during a Vesting Computation Period. Hours of Service are calculated based on actual hours worked during the Vesting Computation Period. (See Section 1.56 of the Plan for the definition of Hours of Service.)
- **Vesting Computation Period.** The Vesting Computation Period is the Plan Year.

To override the default vesting rules, complete the applicable sections of this AA §8-5. If this AA §8-5 is not completed, the default vesting rules apply.

Match ER

- | Match | ER | |
|--------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | (a) Year of Service. Instead of 1,000 Hours of Service, an Employee earns a Year of Service upon the completion of ____ Hours of Service during a Vesting Computation Period. |
| <input type="checkbox"/> | <input type="checkbox"/> | (b) Vesting Computation Period (VCP). Instead of the Plan Year, the Vesting Computation Period is: <ul style="list-style-type: none"> <input type="checkbox"/> (1) The 12-month period beginning with the Employee’s date of hire and, for subsequent Vesting Computation Periods, the 12-month period beginning with the anniversary of the Employee’s date of hire. <input type="checkbox"/> (2) Describe: _____ <p><i>[Note: Any Vesting Computation Period described in (2) must be a 12-consecutive month period and must apply uniformly to all Participants.]</i></p> |
| <input type="checkbox"/> | <input type="checkbox"/> | (c) Elapsed Time Method. Instead of determining vesting service based on actual Hours of Service, vesting service will be determined under the Elapsed Time Method. If this subsection (c) is checked, service will be measured from the Employee’s employment commencement date (or reemployment commencement date, if applicable) without regard to the Vesting Computation Period designated in Section 6.05 of the Plan. (See Section 6.04(b) of the Plan.) |
| <input type="checkbox"/> | <input type="checkbox"/> | (d) Equivalency Method. For purposes of determining an Employee’s Hours of Service for vesting, the Plan will use the Equivalency Method (as defined in Section 6.04(a)(2) of the Plan). The Equivalency Method will apply to: <ul style="list-style-type: none"> <input type="checkbox"/> (1) All Employees. <input type="checkbox"/> (2) Only to Employees for whom the Employer does not maintain hourly records. For Employees for whom the Employer maintains hourly records, vesting will be determined based on actual hours worked. <p>Hours of Service for vesting will be determined under the following Equivalency Method.</p> <ul style="list-style-type: none"> <input type="checkbox"/> (3) Monthly. 190 Hours of Service for each month worked. <input type="checkbox"/> (4) Weekly. 45 Hours of Service for each week worked. <input type="checkbox"/> (5) Daily. 10 Hours of Service for each day worked. <input type="checkbox"/> (6) Semi-monthly. 95 Hours of Service for each semi-monthly period. |
| <input type="checkbox"/> | <input type="checkbox"/> | (e) Special rules: _____
<i>[Note: Any special rules under subsection (e) must be definitely determinable.]</i> |

8-6 **BREAKS IN SERVICE.** Generally, an Employee will be credited with all service earned with the Employer, including service earned prior to a Break in Service. To disregard service earned prior to a Break in Service for vesting purposes, complete this AA §8-6. (See Section 6.08 of the Plan.)

- (a) If an Employee incurs at least one Break in Service, the Plan will disregard all service earned prior to such Break in Service for purposes of determining vesting under the Plan.
- (b) If an Employee incurs at least _____ consecutive Breaks in Service, the Plan will disregard all service earned prior to such consecutive Breaks in Service for purposes of determining vesting under the Plan. *[Enter “0” if prior service will be disregarded for all rehired Employees.]*
- (c) Describe any special rules for applying the vesting Break in Service rules: _____
[Note: Any special rules under subsection (c) must be definitely determinable.]

8-7 **ALLOCATION OF FORFEITURES.**

The Employer may decide in its discretion how to treat forfeitures under the Plan. Alternatively, the Employer may designate under this AA §8-7 how forfeitures occurring during a Plan Year will be treated. (See Section 6.11 of the Plan.)

- | Match | ER | |
|--------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | (a) N/A. All contributions are 100% vested. <i>[Do not complete the rest of this AA §8-7.]</i> |
| <input type="checkbox"/> | <input type="checkbox"/> | (b) Reallocated as additional Employer Contributions or as additional Matching Contributions. |
| <input type="checkbox"/> | <input type="checkbox"/> | (c) Used to reduce Employer and/or Matching Contributions. |

Match ER

For purposes of subsection (b) or (c), forfeitures will be applied:

- (d) for the Plan Year in which the forfeiture occurs.
- (e) for the Plan Year following the Plan Year in which the forfeitures occur.

Prior to applying forfeitures under subsection (b) or (c):

- (f) Forfeitures may be used to pay Plan expenses. (See Section 6.11(d) of the Plan.)
- (g) Forfeitures may **not** be used to pay Plan expenses.

In determining the amount of forfeitures to be allocated under subsection (b), the same allocation conditions apply as for the source for which the forfeiture is being allocated, unless designated otherwise below.

- (h) Forfeitures are not subject to any allocation conditions.
- (i) Forfeitures are subject to a last day of employment allocation condition.
- (j) Forfeitures are subject to a ____ Hours of Service minimum service requirement.

In determining the treatment of forfeitures under this AA §8-7, the following special rules apply:

- (k) Describe: _____

8-8 SPECIAL RULES REGARDING CASH-OUT DISTRIBUTIONS.

- (a) **Additional allocations.** If a terminated Participant receives a complete distribution of his/her vested Account Balance while still entitled to an additional allocation, the Cash-Out Distribution forfeiture provisions do not apply until the Participant receives a distribution of the additional amounts to be allocated. (See Section 6.10(a)(1) of the Plan.)

To modify the default Cash-Out Distribution forfeiture rules, complete this AA §8-8(a).

- The Cash-Out Distribution forfeiture provisions will apply if a terminated Participant takes a complete distribution, regardless of any additional allocations during the Plan Year.

- (b) **Timing of forfeitures.** A Participant who receives a Cash-Out Distribution (as defined in Section 6.10(a) of the Plan) is treated as having an immediate forfeiture of his/her nonvested Account Balance.

To modify the forfeiture timing rules to delay the occurrence of a forfeiture upon a Cash-Out Distribution, complete this AA §8-8(b).

- A forfeiture will occur upon the completion of ____ consecutive Breaks in Service (as defined in Section 6.08 of the Plan).

**SECTION 9
DISTRIBUTION PROVISIONS – TERMINATION OF EMPLOYMENT**

9-1 AVAILABLE FORMS OF DISTRIBUTION.

Lump sum distribution. A Participant may take a distribution of his/her entire vested Account Balance in a single lump sum upon termination of employment. The Plan Administrator may, in its discretion, permit Participants to take distributions of less than their entire vested Account Balance provided, if the Plan Administrator permits multiple distributions, all Participants are allowed to take multiple distributions upon termination of employment. In addition, the Plan Administrator may permit a Participant to take partial distributions or installment distributions solely to the extent necessary to satisfy the required minimum distribution rules under Section 8 of the Plan.

Additional distribution options. To provide for additional distribution options, check the applicable distribution forms under this AA §9-1.

- (a) **Installment distributions.** A Participant may take a distribution over a specified period not to exceed the life or life expectancy of the Participant (and a designated beneficiary).
- (b) **Annuity distributions.** A Participant may elect to have the Plan Administrator use the Participant’s vested Account Balance to purchase an annuity as described in Section 7.01 of the Plan.

- (c) **Describe distribution options:** A participant may elect distribution in more than one form of payment. Also, one of the available forms of annuity is a 50% qualified joint and survivor annuity. Another available form of annuity is a "qualified optional survivor annuity," which is an annuity that provides monthly payments to the Participant for the Participant's life, with monthly payments continuing to the Participant's surviving spouse (to whom the Participant was married on the Participant's Annuity Starting Date) equal to 75% of the amount payable during the Participant's lifetime, and that is the actuarial equivalent of a single life annuity for the life of the Participant.

[*Note: Any distribution option described in (c) may not be subject to the discretion of the Employer or Plan Administrator.*]

9-2 PARTICIPANT AND SPOUSAL CONSENT.

- (a) **Involuntary Cash-Out Distribution.** A Participant who terminates employment with a vested Account Balance of \$5,000 or less will receive an Involuntary Cash-Out Distribution, unless elected otherwise under this AA §9-2. If a Participant's vested Account Balance exceeds \$5,000, the Participant generally must consent to a distribution from the Plan, except to the extent provided otherwise under this AA §9-2. See Sections 7.03 of the Plan for additional rules regarding the Participant consent requirements under the Plan.
- (1) **No Involuntary Cash-Out Distributions.** The Plan does not provide for Involuntary Cash-Out Distributions. A terminated Participant must consent to any distribution from the Plan. (See Section 14.02(b) of the Plan for special rules upon Plan termination.)
- (2) **Involuntary Cash-Out Distribution threshold.** A terminated Participant will receive an Involuntary Cash-Out Distribution only if the Participant's vested Account Balance is less than or equal to \$_____.
- (3) **Application of Automatic Rollover rules.** The Automatic Rollover rules described in Section 7.05 of the Plan do not apply to any Involuntary Cash-Out Distribution below \$1,000, unless elected otherwise under this subsection (3). If this subsection (3) is checked, the Automatic Rollover provisions apply to all Involuntary Cash-Out Distributions (including those below \$1,000).
- (4) **Distribution upon attainment of stated age.** Participant consent will not be required with respect to distributions made upon attainment of Normal Retirement Age (or age 62, if later), regardless of the value of the Participant's vested Account Balance.
- (5) **Treatment of Rollover Contributions.** Unless elected otherwise under this (5), Rollover Contributions will be excluded in determining whether a Participant's vested Account Balance exceeds the Involuntary Cash-Out threshold for purposes of applying the distribution rules under this AA §9 and the Automatic Rollover provisions under Section 7.05 of the Plan. To include Rollover Contributions in determining whether a Participant's vested Account Balance exceeds the Involuntary Cash-Out threshold, check this (5).
- (b) **Spousal consent.** Spousal consent is not required for a Participant to receive a distribution or name an alternate beneficiary, unless designated otherwise under this subsection (b). See Section 9.02 of the Plan for rules regarding Spousal consent under the Plan.
- (1) **Distribution consent.** A Participant's Spouse must consent to any distribution or loan, provided the Participant's vested Account Balance exceeds \$_____.
- (2) **Beneficiary consent.** A Participant's Spouse must consent to naming someone other than the Spouse as beneficiary under the Plan.
- (c) **Describe any special rules affecting Participant or Spousal consent:** _____

[*Note: Any special rules under subsection (c) must be definitely determinable.*]

9-3 TIMING OF DISTRIBUTIONS UPON TERMINATION OF EMPLOYMENT.

- (a) **Distribution of vested Account Balances exceeding \$5,000.** A Participant who terminates employment with a vested Account Balance exceeding \$5,000 may receive a distribution of his/her vested Account Balance in any form permitted under AA §9-1 within a reasonable period following:
- (1) the date the Participant terminates employment.
- (2) the last day of the Plan Year during which the Participant terminates employment.
- (3) the first Valuation Date following the Participant's termination of employment.
- (4) the end of the calendar quarter following the date the Participant terminates employment.
- (5) attainment of Normal Retirement Age, death or becoming Disabled.
- (6) Describe: _____

[*Note: Any special rules under subsection (6) must be definitely determinable.*]

- (b) **Distribution of vested Account Balances not exceeding \$5,000.** A Participant who terminates employment with a vested Account Balance that does not exceed \$5,000 will receive a **lump sum** distribution of his/her vested Account Balance within a reasonable period following:
- (1) the date the Participant terminates employment.
- (2) the last day of the Plan Year during which the Participant terminates employment.
- (3) the first Valuation Date following the Participant's termination of employment.
- (4) the end of the calendar quarter following the date the Participant terminates employment.
- (5) Describe: _____
- [*Note: Any special rules under subsection (5) must be definitely determinable.*]
- (c) **Alternate Cash-Out distribution threshold.** Instead of a vested Account Balance Cash-Out threshold of \$5,000, for purposes of applying the Cash-Out distribution provisions under this AA §9-3, the forms of distribution available under subsections (a) and (b) will be based on a vested Account Balance of \$_____.
- (d) **Describe additional distribution options:** _____
- [*Note: Any additional distribution option described in (d) may not be subject to the discretion of the Employer or Plan Administrator.*]

9-4 **DISTRIBUTION UPON DISABILITY.** Unless designated otherwise under this AA §9-4, a Participant who terminates employment on account of becoming Disabled may receive a distribution of his/her vested Account Balance in the same manner as a regular distribution upon termination.

(a) **Termination of Disabled Employee.**

- (1) **Immediate distribution.** Distribution will be made as soon as reasonable following the date the Participant terminates on account of becoming Disabled.
- (2) **Following year.** Distribution will be made as soon as reasonable following the last day of the Plan Year during which the Participant terminates on account of becoming Disabled.
- (3) **Describe:** _____
- [*Note: Any distribution event described in subsection (3) will apply uniformly to all Participants under the Plan and may not be subject to the discretion of the Employer or Plan Administrator.*]

(b) **Definition of Disabled.** A Participant is treated as Disabled if such Participant satisfies the conditions in Section 1.28 of the Plan.

To override this default definition, check below to select an alternative definition of Disabled to be used under the Plan.

- (1) The definition of Disabled is the same as defined in the Employer's Disability Insurance Plan.
- (2) The definition of Disabled is the same as defined under Section 223(d) of the Social Security Act for purposes of determining eligibility for Social Security benefits.
- (3) Alternative definition of Disabled: A Participant is Disabled if the Participant has been determined to be disabled under one or both of the following: (i) Section 223(d) of the Social Security Act for purposes of determining eligibility for Social Security benefits, and/or (ii) the Employer's long-term disability insurance plan

9-5 **DETERMINATION OF BENEFICIARY.**

(a) **Default beneficiaries.** Unless elected otherwise under this subsection (a), the default beneficiaries described under Section 7.07(c)(3) of the Plan are the Participant's surviving Spouse, the Participant's surviving children, and the Participant's estate.

- If this subsection (a) is checked, the default beneficiaries under Section 7.07(c)(3) of the Plan are modified as follows: The default beneficiary is the Participant's surviving Spouse, or if the Participant was not married at the time of death, the Participant's estate.

(b) **One-year marriage rule.** For purposes of determining whether an individual is considered the surviving Spouse of the Participant, the determination is based on the marital status as of the date of the Participant's death, unless designated otherwise under this subsection (b).

- If this subsection (b) is checked, in order to be considered the surviving Spouse, the Participant and surviving Spouse must have been married for the entire one-year period ending on the date of the Participant's death. If the Participant and surviving Spouse are not married for at least one year as of the date of the Participant's death, the Spouse will not be treated as the surviving Spouse for purposes of applying the distribution provisions of the Plan. (See Section 9.03 of the Plan.)

- (c) **Divorce of Spouse.** Unless elected otherwise under this subsection (c), if a Participant designates his/her Spouse as Beneficiary and subsequent to such Beneficiary designation, the Participant and Spouse are divorced, the designation of the Spouse as Beneficiary under the Plan is automatically rescinded as set forth under Section 7.07(c)(6) of the Plan.

If this subsection (c) is checked, a Beneficiary designation will not be rescinded upon divorce of the Participant and Spouse.

[*Note: Section 7.07(c)(6) of the Plan and this subsection (c) will be subject to the provisions of a Beneficiary designation entered into by the Participant. Thus, if a Beneficiary designation specifically overrides the election under this subsection (c), the provisions of the Beneficiary designation will control. See Section 7.07(c)(6) of the Plan.*]

SECTION 10
IN-SERVICE DISTRIBUTIONS AND REQUIRED MINIMUM DISTRIBUTIONS

10-1 **AVAILABILITY OF IN-SERVICE DISTRIBUTIONS.** A Participant may withdraw all or any portion of his/her vested Account Balance, to the extent designated, upon the occurrence of any of the event(s) selected under this AA §10-1. If more than one option is selected for a particular contribution source under this AA §10-1, a Participant may take an in-service distribution upon the occurrence of any of the selected events, unless designated otherwise under this AA §10-1.

Match	ER	
<input type="checkbox"/>	<input type="checkbox"/>	(a) No in-service distributions are permitted.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	(b) Attainment of age 59½.
<input type="checkbox"/>	<input type="checkbox"/>	(c) Attainment of age ____.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	(d) A Hardship that satisfies the safe harbor rules under Section 7.10(e)(1) of the Plan.
<input type="checkbox"/>	<input type="checkbox"/>	(e) A non-safe harbor Hardship described in Section 7.10(e)(2) of the Plan.
<input type="checkbox"/>	<input type="checkbox"/>	(f) Attainment of Normal Retirement Age.
<input type="checkbox"/>	<input type="checkbox"/>	(g) Attainment of Early Retirement Age.
<input type="checkbox"/>	<input type="checkbox"/>	(h) The Participant has participated in the Plan for at least ____ (cannot be less than 60) months.
<input type="checkbox"/>	<input type="checkbox"/>	(i) The amounts being withdrawn have been held in the Trust for at least two years.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	(j) Upon a Participant becoming Disabled (as defined in AA §9-4(b)).
<input type="checkbox"/>	<input type="checkbox"/>	(k) Describe: _____

10-2 **APPLICATION TO OTHER CONTRIBUTION SOURCES.** If the Plan allows for Rollover Contributions under AA §C-2 or After-Tax Employee Contributions under AA §6-6, unless elected otherwise under this AA §10-2, a Participant may take an in-service distribution from his/her Rollover Account and After-Tax Employee Contribution Account at any time. Employer Pick-Up Contributions will not be eligible for in-service distribution.

Alternatively, if this AA §10-2 is completed, the following in-service distribution provisions apply for Rollover Contributions, After-Tax Employee Contributions and/or Employer Pick-Up Contributions:

Rollover	After-Tax	Pick-Up	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(a) No in-service distributions are permitted.
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	(b) Attainment of age 59½.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(c) Attainment of age ____.
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	(d) A Hardship (that satisfies the safe harbor rules under Section 7.10(e)(1) of the Plan).

Rollover	After-Tax	Pick-Up	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(e) A non-safe harbor Hardship described in Section 7.10(e)(2) of the Plan.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(f) Attainment of Normal Retirement Age.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(g) Attainment of Early Retirement Age.
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	(h) Upon a Participant becoming Disabled (as defined in AA §9-4(b)).
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(i) Describe: _____

10-3 **SPECIAL DISTRIBUTION RULES.** No special distribution rules apply, unless specifically provided under this AA §10-3.

- (a) In-service distributions will only be permitted if the Participant is 100% vested in the source from which the withdrawal is taken.
- (b) A Participant may take no more than _____ in-service distribution(s) in a Plan Year.
- (c) A Participant may not take an in-service distribution of less than \$ _____.
- (d) A Participant may not take an in-service distribution of more than \$ _____.
- (e) Unless elected otherwise under this subsection, the hardship distribution provisions of the Plan are not expanded to cover primary beneficiaries as set forth in Section 7.10(e)(5) of the Plan. If this subsection (e) is checked, the hardship provisions of the Plan will apply with respect to individuals named as primary beneficiaries under the Plan.
- (f) In determining whether a Participant has an immediate and heavy financial need for purposes of applying the non-safe harbor Hardship provisions under Section 7.10(e)(2) of the Plan, the following modifications are made to the permissible events listed under Section 7.10(e)(1) of the Plan: _____

[*Note: This subsection (f) may only be used to the extent a non-safe harbor Hardship distribution is authorized under AA §10-1 or AA §10-2.*]
- (g) Other distribution rules: Except to the extent that other provisions of the Plan permit in-service distributions (for example, provisions in AA §10-1), if a Participant is reemployed, no further distribution will be made until subsequent termination and prior form of payment election will be null and void.

10-4 **REQUIRED MINIMUM DISTRIBUTIONS.**

- (a) **Required distributions after death.** If a Participant dies before distributions begin and there is a Designated Beneficiary, the Participant or Beneficiary may elect on an individual basis whether the 5-year rule (as described in Section 8.06(a) of the Plan) or the life expectancy method described under Sections 8.02 of the Plan apply. See Section 8.06(b) of the Plan for rules regarding the timing of an election authorized under this AA §10-4.

Alternatively, if selected under this subsection (a), any death distributions to a Designated Beneficiary will be made only under the 5-year rule.

 The five-year rule under Section 8.06(a) of the Plan applies (instead of the life expectancy method). Thus, the entire death benefit must be distributed by the end of the fifth year following the year of the Participant's death. Death distributions to a Designated Beneficiary may not be made under the life expectancy method.
- (b) **Waiver of Required Minimum Distribution for 2009.** For purposes of applying the Required Minimum Distribution rules for the 2009 Distribution Calendar Year, as described in Section 8.06(d) of the Plan, a Participant (including an Alternate Payee or beneficiary of a deceased Participant) who is eligible to receive a Required Minimum Distribution for the 2009 Distribution Calendar Year may elect whether or not to receive the 2009 Required Minimum Distribution (or any portion of such distribution). If a Participant does not specifically elect to leave the 2009 Required Minimum Distribution in the Plan, such distribution will be made for the 2009 Distribution Calendar Year as set forth in Section 8 of the Plan.
 - (1) **No Required Minimum Distribution for 2009.** If this box is checked, 2009 Required Minimum Distributions will not be made to Participants who are otherwise required to receive a Required Minimum Distribution for the 2009 Distribution Calendar Year under Section 8 of the Plan, unless the Participant elects to receive such distribution.
 - (2) **Describe any special rules applicable to 2009 Required Minimum Distributions:** _____

**SECTION 11
MISCELLANEOUS PROVISIONS**

11-1 **PLAN VALUATION.** The Plan is valued **annually**, as of the last day of the Plan Year.

(a) **Additional valuation dates.** In addition, the Plan will be valued on the following dates:

- | Match | ER | |
|--------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | (1) Daily. The Plan is valued at the end of each business day during which the New York Stock Exchange is open. |
| <input type="checkbox"/> | <input type="checkbox"/> | (2) Monthly. The Plan is valued at the end of each month of the Plan Year. |
| <input type="checkbox"/> | <input type="checkbox"/> | (3) Quarterly. The Plan is valued at the end of each Plan Year quarter. |
| <input type="checkbox"/> | <input type="checkbox"/> | (4) Describe: _____ |

[Note: The Employer may elect operationally to perform interim valuations, regardless of any selection in this subsection (a).]

(b) **Special rules.** The following special rules apply in determining the amount of income or loss allocated to Participants' Accounts: _____

11-2 **SPECIAL RULES FOR APPLYING THE CODE §415 LIMITATION.** The provisions under Section 5.02 of the Plan apply for purposes of determining the Code §415 Limitation.

Complete this AA §11-2 to override the default provisions that apply in determining the Code §415 Limitation under Section 5.02 of the Plan.

(a) **Limitation Year.** Instead of the Plan Year, the Limitation Year is the 12-month period ending _____.
[Note: If the Plan has a short Plan Year for the first year of establishment, the Limitation Year is deemed to be the 12-month period ending on the last day of the short Plan Year.]

(b) **Imputed compensation.** For purposes of applying the Code §415 Limitation, Total Compensation includes imputed compensation for a Nonhighly Compensated Participant who terminates employment on account of becoming Disabled. (See Section 5.02(c)(7)(iii) of the Plan.)

(c) **Special rules:** _____
[Note: Any special rules under this subsection (c) must be consistent with the requirements of Code §415.]

11-3 **HEART ACT PROVISIONS -- BENEFIT ACCRUALS.** The benefit accrual provisions under Section 15.04 of the Plan do not apply. To apply the benefit accrual provisions under Section 15.04, check the box below.

Eligibility for Plan benefits. Check this box if the Plan will provide the benefits described in Section 15.04 of the Plan. If this box is checked, an individual who dies or becomes disabled in qualified military service will be treated as reemployed for purposes of determining entitlement to benefits under the Plan.

11-4 **ELECTION NOT TO PARTICIPATE (see Section 2.08 of the Plan).** All Participants share in any allocation under this Plan and no Employee may waive out of Plan participation.

To allow Employees to make a one-time irrevocable waiver, check below.

(a) An Employee may make a one-time irrevocable election not to participate under the Plan.

(b) An Employee may make a one-time irrevocable election not to make Employer Pick-Up Contributions under the Plan.

**APPENDIX A
SPECIAL EFFECTIVE DATES**

- A-1 **Eligible Employees.** The definition of Eligible Employee under AA §3 is effective as follows:

- A-2 **Minimum age and service conditions.** The minimum age and service conditions and Entry Date provisions specified in AA §4 are effective as follows:

- A-3 **Compensation definitions.** The compensation definitions under AA §5 are effective as follows:

- A-4 **Employer and Matching Contributions.** The Employer and Matching Contribution provisions under the Plan are effective as follows:

- A-5 **After-Tax Employee and Pick-Up Contributions.** The provisions of the Plan addressing Employee After-Tax Contributions and Pick-Up Contribution provisions under the Plan are effective as follows:

- A-6 **Retirement ages.** The retirement age provisions under AA §7 are effective as follows:

- A-7 **Vesting and forfeiture rules.** The rules regarding vesting and forfeitures under AA §8 are effective as follows:

- A-8 **Distribution provisions.** The distribution provisions under AA §9 are effective as follows:

- A-9 **In-service distributions and Required Minimum Distributions.** The provisions regarding in-service distribution and Required Minimum Distributions under AA §10 are effective as follows:

- A-10 **Miscellaneous provisions.** The provisions under AA §11 are effective as follows:

- A-11 **Special effective date provisions for merged plans.** If any qualified retirement plans have been merged into this Plan, the provisions of Section 14.04 of the Plan apply, as follows:

- A-12 **Other special effective dates:**

APPENDIX B
LOAN POLICY

Use this Appendix B to identify elections dealing with the administration of Participant loans. These elections may be changed without amending this Agreement by substituting an updated Appendix B with new elections. Any modifications to this Appendix B or any modifications to a separate loan policy describing the loan provisions selected under the Plan will not affect an Employer's reliance on the IRS Favorable Letter.

B-1 Are **PARTICIPANT LOANS** permitted? (See Section 13 of the Plan.)

- (a) Yes
 (b) No

B-2 **LOAN PROCEDURES.**

- (a) Loans will be provided under the default loan procedures set forth in Section 13 of the Plan, unless modified under this Appendix B.
 (b) Loans will be provided under a separate written loan policy. *[If this subsection (b) is checked, do not complete the rest of this Appendix B.]*

B-3 **AVAILABILITY OF LOANS.** Participant loans are available to all active Participants and Beneficiaries. Participant loans are not available to a former Employee or Beneficiary (including an Alternate Payee under a QDRO). To override this default provision, check (a) and/or (b) below:

- (a) A former Employee or Beneficiary (including an Alternate Payee) who has a vested Account Balance may request a loan from the Plan.
 (b) A "limited participant" as defined in Section 3.05 of the Plan may not request a loan from the Plan.
 (c) An officer or director of the Employer, as defined for purposes of the Sarbanes-Oxley Act, may **not** request a loan from the Plan.

B-4 **LOAN LIMITS.** The default loan policy under Section 13.03 of the Plan allows Participants to take a loan provided all outstanding loans do not exceed 50% of the Participant's vested Account Balance. To override the default loan policy to allow loans up to \$10,000, even if greater than 50% of the Participant's vested Account Balance, check this AA §B-4.

- A Participant may take a loan equal to the greater of \$10,000 or 50% of the Participant's vested Account Balance. *[If this AA §B-4 is checked, the Participant may be required to provide adequate security as required under Section 13.06 of the Plan.]*

B-5 **NUMBER OF LOANS.** The default loan policy under Section 13.04 of the Plan restricts Participants to one loan outstanding at any time. To override the default loan policy and permit Participants to have more than one loan outstanding at any time, complete (a) or (b) below.

- (a) A Participant may have ___ loans outstanding at any time.
 (b) There are no restrictions on the number of loans a Participant may have outstanding at any time.

B-6 **LOAN AMOUNT.** The default loan policy under Section 13.04 of the Plan provides that a Participant may not receive a loan of less than \$1,000. To modify the minimum loan amount or to add a maximum loan amount, complete this AA §B-6.

- (a) There is no minimum loan amount.
 (b) The minimum loan amount is \$_____.
 (c) The maximum loan amount is \$_____.

B-7 **INTEREST RATE.** The default loan policy under Section 13.05 of the Plan provides for an interest rate commensurate with the interest rates charged by local commercial banks for similar loans. To override the default loan policy and provide a specific interest rate to be charged on Participant loans, complete this AA §B-7.

- (a) The prime interest rate
 plus 2 percentage point(s).
 (b) Describe: _____

[Note: Any interest rate described in this AA §B-7 must be reasonable and must apply uniformly to all Participants.]

- B-8 **PURPOSE OF LOAN.** The default loan policy under Section 13.02 of the Plan provides that a Participant may receive a Participant loan for any purpose. To modify the default loan policy to restrict the availability of Participant loans to hardship events, check this AA §B-8.
- (a) A Participant may only receive a Participant loan upon the demonstration of a hardship event, as described in Section 7.10(e)(1)(i) of the Plan.
- (b) A Participant may only receive a Participant loan under the following circumstances: _____
- B-9 **APPLICATION OF LOAN LIMITS.** If Participant loans are not available from all contribution sources, the limitations under Code §72(p) and the adequate security requirements of the Department of Labor regulations will be applied by taking into account the Participant's entire Account Balance. To override this provision, complete this AA §B-9.
- The loan limits and adequate security requirements will be applied by taking into account only those contribution Accounts which are available for Participant loans.
- B-10 **CURE PERIOD.** The Plan provides that a Participant incurs a loan default if a Participant does not repay a missed payment by the end of the calendar quarter following the calendar quarter in which the missed payment was due. To override this default provision to apply a shorter cure period, complete this AA §B-10.
- The cure period for determining when a Participant loan is treated as in default will be _____ days (cannot exceed 90) following the end of the month in which the loan payment is missed.
- B-11 **PERIODIC REPAYMENT – PRINCIPAL RESIDENCE.** If a Participant loan is for the purchase of a Participant's primary residence, the loan repayment period for the purchase of a principal residence may not exceed ten (10) years.
- (a) The Plan does not permit loan payments to exceed five (5) years, even for the purchase of a principal residence.
- (b) The loan repayment period for the purchase of a principal residence may not exceed 15 years (may not exceed 30).
- (c) Loans for the purchase of a Participant's primary residence may be payable over any reasonable period commensurate with the period permitted by commercial lenders for similar loans.
- B-12 **TERMINATION OF EMPLOYMENT.** Section 13.10(a) of the Plan provides that a Participant loan becomes due and payable in full upon the Participant's termination of employment. To override this default provision, complete this AA §B-12.
- A Participant loan will not become due and payable in full upon the Participant's termination of employment.
- B-13 **DIRECT ROLLOVER OF A LOAN NOTE.** Section 13.10(b) of the Plan provides that upon termination of employment a Participant may request the Direct Rollover of a loan note. To override this default provision, complete this AA §B-13.
- A Participant may **not** request the Direct Rollover of the loan note upon termination of employment.
- B-14 **LOAN RENEGOTIATION.** The default loan policy provides that a Participant may renegotiate a loan, provided the renegotiated loan separately satisfies the reasonable interest rate requirement, the adequate security requirement, the periodic repayment requirement and the loan limitations under the Plan. The Employer may restrict the availability of renegotiations to prescribed purposes provided the ability to renegotiate a Participant loan is available on a non-discriminatory basis. To override the default loan policy and restrict the ability of a Participant to renegotiate a loan, complete this AA §B-14.
- (a) A Participant may **not** renegotiate the terms of a loan.
- (b) The following special provisions apply with respect to renegotiated loans: _____
- B-15 **SOURCE OF LOAN.** Participant loans may be made from all available contribution sources, to the extent vested, unless designated otherwise under this AA §B-15.
- Participant loans will not be available from the following contribution sources: _____
- B-16 **MODIFICATIONS TO DEFAULT LOAN PROVISIONS.**
- The following special rules will apply with respect to Participant loans under the Plan: _____

[**Note:** Any provision under this AA §B-16 must satisfy the requirements under Code §72(p) and the regulations thereunder and will control over any inconsistent provisions of the Plan dealing with the administration of Participant loans.]

APPENDIX C
ADMINISTRATIVE ELECTIONS

Use this Appendix C to identify certain elections dealing with the administration of the Plan. These elections may be changed without amending this Agreement by substituting an updated Appendix C with new elections. The provisions selected under this Appendix C do not create qualification issues and any changes to the provisions under this Appendix C will not affect the Employer's reliance on the IRS Favorable Letter.

C-1 **DIRECTION OF INVESTMENTS.** Are Participants permitted to **direct investments**? (See Section 10.07 of the Plan.)

(a) No

(b) Yes

(c) Describe any special rules that apply for purposes of direction of investments: Participant direction of investment is limited to specific investment options, which options are determined by the Employer or its designee (e.g., Investment Committee). The Participant's investment direction must specify the percentage, in one percent (1%) increments, of the Participant's Account to be invested in one or more of the available investment options, with the sum of such percentages equaling 100%. A Participant may, subject to applicable trading restrictions, transfer a specific dollar amount of the Participant's Account from any of the available investment options to any other of the available investment options. Participant direction of investment is subject to administrative procedures specified by the Employer or its designee (e.g., Investment Committee).

C-2 **ROLLOVER CONTRIBUTIONS.** Does the Plan accept **Rollover Contributions**? (See Section 3.05 of the Plan.)

(a) No

(b) Yes

(1) If this subsection (1) is checked, an Employee may not make a Rollover Contribution to the Plan prior to becoming a Participant in the Plan.

(2) Check this subsection (2) if the Plan will not accept Rollover Contributions from former Employees.

(3) Describe any special rules for accepting Rollover Contributions: Direct Rollovers are accepted from the following sources: (i) a qualified plan described in Code section 401(a) or 403(a), including after-tax employee contributions; (ii) an annuity contract described in Code section 403(b), including after-tax employee contributions; (iii) an eligible plan under Code section 457(b) 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 (iv) an individual retirement account or annuity, excluding designated Roth contributions and after-tax contributions. After-tax contributions rolled over to the Plan are accounted for separately and treated for Plan purposes as Rollover Contributions. Participant rollovers (i.e., distribution from another qualified plan or annuity contract that is first made to the Participant who then timely elects to roll it over) are accepted from the following sources: (A) a qualified plan described in Code section 401(a) or 403(a), excluding after-tax contributions; (B) an annuity contract described in Code section 403(b), excluding after-tax contributions; (C) an eligible plan under Code section 457(b) 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 (D) an individual retirement account or annuity, excluding after-tax contributions

[**Note:** The Employer may designate in subsection (3) or in separate written procedures the extent to which it will accept rollovers from designated plan types. For example, the Employer may decide not to accept rollovers from certain designated plans (e.g., 403(b) plans, §457 plans or IRAs). Any special rollover procedures will apply uniformly to all Participants under the Plan.]

C-3 **LIFE INSURANCE.** Are **life insurance** investments permitted? (See Section 10.08 of the Plan.)

(a) No

(b) Yes

C-4 **QDRO PROCEDURES.** Do the **default QDRO procedures** under Section 11.05 of the Plan apply?

(a) No

(b) Yes

The provisions of Section 11.05 are modified as follows: _____

EMPLOYER SIGNATURE PAGE

PURPOSE OF EXECUTION. This Signature Page is being executed to effect:

- (a) The adoption of a **new plan**, effective ___ [insert Effective Date of Plan]. [**Note:** Date can be no earlier than the first day of the Plan Year in which the Plan is adopted.]
- (b) The **restatement** of an existing plan, in order to comply with the requirements of PPA, pursuant to Rev. Proc. 2011-49.
 - (1) Effective date of restatement: 1-1-2016. [**Note:** Date can be no earlier than January 1, 2007. Section 14.01(d)(2) of Plan provides for retroactive effective dates for all PPA provisions. Thus, a current effective date may be used under this subsection (1) without jeopardizing reliance.]
 - (2) Name of plan(s) being restated: JEA 401(a) Defined Contribution Retirement Plan
 - (3) The original effective date of the plan(s) being restated: 1-1-2002
- (c) An **amendment or restatement** of the Plan (other than to comply with PPA). If this Plan is being amended, a snap-on amendment may be used to designate the modifications to the Plan or the updated pages of the Adoption Agreement may be substituted for the original pages in the Adoption Agreement. All prior Employer Signature Pages should be retained as part of this Adoption Agreement.
 - (1) Effective Date(s) of amendment/restatement: _____
 - (2) Name of plan being amended/restated: _____
 - (3) The original effective date of the plan being amended/restated: _____
 - (4) If Plan is being amended, identify the Adoption Agreement section(s) being amended: _____

VOLUME SUBMITTER SPONSOR INFORMATION. The Volume Submitter Sponsor (or authorized representative) will inform the Employer of any amendments made to the Plan and will notify the Employer if it discontinues or abandons the Plan. To be eligible to receive such notification, the Employer agrees to notify the Volume Submitter Sponsor (or authorized representative) of any change in address. The Employer may direct inquiries regarding the Plan or the effect of the Favorable IRS Letter to the Volume Submitter Sponsor (or authorized representative) at the following location:

Name of Volume Submitter Sponsor (or authorized representative): Massachusetts Mutual Life Insurance Company
Address: 1295 State Street Springfield, MA 01111-0001
Telephone number: (800) 309-3539

IMPORTANT INFORMATION ABOUT THIS VOLUME SUBMITTER PLAN. A failure to properly complete the elections in this Adoption Agreement or to operate the Plan in accordance with applicable law may result in disqualification of the Plan. The Employer may rely on the Favorable IRS Letter issued by the National Office of the Internal Revenue Service to the Volume Submitter Sponsor as evidence that the Plan is qualified under Code §401(a), to the extent provided in Rev. Proc. 2011-49. The Employer may not rely on the Favorable IRS Letter in certain circumstances or with respect to certain qualification requirements, which are specified in the Favorable IRS Letter issued with respect to the Plan and in Rev. Proc. 2011-49. In order to obtain reliance in such circumstances or with respect to such qualification requirements, the Employer must apply to the office of Employee Plans Determinations of the Internal Revenue Service for a determination letter. See Section 1.50 of the Plan.

By executing this Adoption Agreement, the Employer intends to adopt the provisions as set forth in this Adoption Agreement and the related Plan document. By signing this Adoption Agreement, the individual below represents that he/she has the authority to execute this Plan document on behalf of the Employer. This Adoption Agreement may only be used in conjunction with Basic Plan Document #05. The Employer understands that the Volume Submitter Sponsor has no responsibility or liability regarding the suitability of the Plan for the Employer’s needs or the options elected under this Adoption Agreement. It is recommended that the Employer consult with legal counsel before executing this Adoption Agreement.

JEA
(Name of Employer)

(Name of authorized representative) (Title)

(Signature) (Date)

TRUSTEE DECLARATION

This Trustee Declaration may be used to identify the Trustees under the Plan. A separate Trustee Declaration may be used to identify different Trustees with different Trustee investment powers.

Effective date of Trustee Declaration: 1-1-2016

The Trustee’s investment powers are:

- (a) **Discretionary.** The Trustee has discretion to invest Plan assets, unless specifically directed otherwise by the Plan Administrator, the Employer, an Investment Manager or other Named Fiduciary or, to the extent authorized under the Plan, a Plan Participant.
- (b) **Nondiscretionary.** The Trustee may only invest Plan assets as directed by the Plan Administrator, the Employer, an Investment Manager or other Named Fiduciary or, to the extent authorized under the Plan, a Plan Participant.
- (c) **Fully funded.** There is no Trustee under the Plan because the Plan is funded exclusively with custodial accounts, annuity contracts and/or insurance contracts. (See Section 12.15 of the Plan.)
- (d) **Determined under a separate trust agreement.** The Trustee's investment powers are determined under a separate trust document which replaces (or is adopted in conjunction with) the trust provisions under the Plan.

Name of Trustee: _____

Title of Trust Agreement: _____

[Note: To qualify as a Volume Submitter Plan, any separate trust document used in conjunction with this Plan must be approved by the Internal Revenue Service. Any such approved trust agreement is incorporated as part of this Plan and must be attached hereto. The responsibilities, rights and powers of the Trustee are those specified in the separate trust agreement.]

Description of Trustee powers. This section can be used to describe any special trustee powers or any limitations on such powers. This section also may be used to impose any specific rules regarding the decision-making authority of individual trustees. In addition, this section can be used to limit the application of a trustee’s responsibilities, e.g., by limiting trustee authority to only specific assets or investments.

- Describe Trustee powers:** Notwithstanding Section 12.03(a)(1)(ii) of the Plan, the Trustee shall exercise the same care and diligence and skill that a professional trustee engaged in the banking or trust company industry and having professional expertise in financial and securities processing transactions and custody would observe in these affairs. Section 12.03(a)(3) of the Plan is amended as follows: The last sentence ends with "to the extent permitted by law". The terms of Section 12.03(a)(4) of the Plan are subject to the following overriding limitation: Legal fees incurred by the Trustee may only be paid from the Trust if they are reasonable fees for legal expenses incurred in connection with any disputes arising in connection with Section 12 (Trust Provisions) or the Trust. Section 12.11 of the Plan is amended as follows: The first sentence begins with "To the extent permitted by law:". Notwithstanding Section 15.07 of the Plan, the provisions of the Plan and Trust shall be construed, administered, and enforced in accordance with the provisions of applicable Federal law and the provisions of applicable law of the State of Florida. No other state's laws shall apply.

[The addition of special trustee powers under this section will not cause the Plan to lose Volume Submitter status provided such language merely modifies the administrative provisions applicable to the Trustee (such as provisions relating to investments and the duties of the Trustee). Any language added under this section may not conflict with any other provision of the Plan and may not result in a failure to qualify under Code §401(a).]

Trustee Signature. By executing this Adoption Agreement, the designated Trustee(s) accept the responsibilities and obligations set forth under the Plan and Adoption Agreement. By signing this Trustee Declaration Page, the individual(s) below represent that they have the authority to sign on behalf of the Trustee. If a separate trust agreement is being used, list the name of the Trustee. No signature is required if a separate trust agreement is being used under the Plan or if there is no named Trustee under the Plan.

Reliance Trust Company
(Print name of Trustee)

(Signature of Trustee or authorized representative) *(Date)*



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

III. B. 1.
6/21/2016

BH

Plan Description: Volume Submitter Profit Sharing Plan With CODA
FFN: 3153883BH05-001 Case: 201204363 EIN: 04-1590850
Letter Serial No: J598573a
Date of Submission: 04/02/2012

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY
1295 STATE STREET
SPRINGFIELD, MA 01111

Contact Person:
Janell Hayes
Telephone Number:
513-263-3602
In Reference To: TEGE:EP:7521
Date: 03/31/2014

Dear Applicant:

In our opinion, the form of the plan identified above is acceptable under section 401 of the Internal Revenue Code for use by employers for the benefit of their employees. This opinion relates only to the acceptability of the form of the plan under the Internal Revenue Code. It is not an opinion of the effect of other Federal or local statutes.

You must furnish a copy of this letter, a copy of the approved plan, and copies of any subsequent amendments to adopting employers if the practitioner is authorized to amend the plan on their behalf, to each employer who adopts this plan. Effective on or after 10/31/2011, interim amendments adopted by the practitioner on behalf of employers must provide the date of adoption by the practitioner.

This letter considers the changes in qualification requirements contained in the 2010 Cumulative List of Notice 2010-90, 2010-52 I.R.B. 909.

Our opinion on the acceptability of the form of the plan is not a ruling or determination as to whether an employer's plan qualifies under Code section 401(a). However, an employer that adopts this plan may rely on this letter with respect to the qualification of its plan under Code section 401(a), as provided for in Rev. Proc. 2011-49, 2011-44 I.R.B. 608, and outlined below. The terms of the plan must be followed in operation.

Except as provided below, our opinion does not apply with respect to the requirements of Code sections 401(a)(4), 401(l), 410(b), and 414(s). Our opinion does not apply for purposes of Code section 401(a)(10)(B) and section 401(a)(16) if an employer ever maintained another qualified plan for one or more employees who are covered by this plan. For this purpose, the employer will not be considered to have maintained another plan merely because the employer has maintained another defined contribution plan(s), provided such other plan(s) has been terminated prior to the effective date of this plan and no annual additions have been credited to the account of any participant under such other plan(s) as of any date within the limitation year of this plan. Also, for this purpose, an employer is considered as maintaining another plan, to the extent that the employer maintains a welfare benefit fund defined in Code section 419(e), which provides postretirement medical benefits allocated to separate accounts for key employees as defined in Code section 419A(d)(3), or an individual medical account as defined in Code section 415(l)(2), which is part of a pension or annuity plan maintained by the employer, or a simplified employee pension plan.

Our opinion does not apply for purposes of the requirement of section 1.401(a)-1(b)(2) of the regulations applicable to a money purchase plan or target benefit plan where the normal retirement age under the employer's plan is lower than age 62.

Letter 4335

This is not a ruling or determination with respect to any language in the plan that reflects Section 3 of the Defense of Marriage Act, Pub. L. 104-199, 110 Stat. 2419 (DOMA) or U.S. v. Windsor, 133 S. Ct. 2675 (2013), which invalidated that section.

This letter is not a ruling with respect to the tax treatment to be accorded contributions which are picked up by the governmental employing unit within the meaning of section 414(h)(2) of the Internal Revenue Code.

Our opinion applies with respect to the requirements of Code section 410(b) if 100 percent of all nonexcludable employees benefit under the plan. Employers that elect a safe harbor allocation formula and a safe harbor compensation definition can also rely on an advisory letter with respect to the nondiscriminatory amounts requirement under section 401(a)(4). If this plan includes a CODA or otherwise provides for contributions subject to sections 401(k) and/or 401(m), the advisory letter can be relied on with respect to the form of the nondiscrimination tests of 401(k)(3) and 401(m)(2) if the employer uses a safe harbor compensation definition. In the case of plans described in section 401(k)(12) or (13) and/or 401(m)(11) or (12), employers may also rely on the advisory letter with respect to whether the form of the plan satisfies the requirements of those sections unless the plan provides for the safe harbor contribution to be made under another plan.

The employer may request a determination (1) as to whether the plan, considered with all related qualified plans and, if appropriate, welfare benefit funds, individual medical benefit accounts, and simplified employee pension plans, satisfies the requirements of Code section 401(a)(16) as to limitations on benefits and contributions in Code section 415 and the requirements of Code section 401(a)(10)(B) as to the top-heavy plan requirements in Code section 416; (2) with respect to whether a money purchase or target benefit plan's normal retirement age which is earlier than age 62 satisfies the requirements of section 401(a)-1(b)(2) of the Income Tax Regulations; (3) that the plan is a multiple employer plan; (4) whether there has been a partial termination; and (5) to comply with published procedures of the Service (e.g. minimum funding waiver request). The employer may request a determination letter by filing an application with Employee Plans Determinations on Form 5307, with regard to item (1) above, and Form 5300, for items (2), (3), (4) and (5), without restating for the Cumulative List in effect when the application is filed.

If you, the volume submitter practitioner, have any questions concerning the IRS processing of this case, please call the above telephone number. This number is only for use of the practitioner. Individual participants and/or adopting employers with questions concerning the plan should contact the volume submitter practitioner. The plan's adoption agreement, if applicable, must include the practitioner's address and telephone number for inquiries by adopting employers.

If you write to the IRS regarding this plan, please provide your telephone number and the most convenient time for us to call in case we need more information. Whether you call or write, please refer to the Letter Serial Number and File Folder Number shown in the heading of this letter.

You should keep this letter as a permanent record. Please notify us if you modify or discontinue sponsorship of this plan.

Sincerely Yours,



Andrew E. Zuckerman
Director, Employee Plans Rulings and Agreements

III. B. 2.

Directors' & Officers' Liability Insurance



Building Community

AGENDA ITEM SUMMARY

June 9, 2016

SUBJECT:	DIRECTORS' & OFFICERS' LIABILITY INSURANCE
-----------------	---

Purpose:	<input checked="" type="checkbox"/> Information Only	<input type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
-----------------	--	--	---

Issue: On October 1, 2004, JEA purchased Directors' and Officers' Liability Insurance. This insurance has been renewed each subsequent October 1. It provides coverage for JEA, its' Officers and Board Members in the event of actual or alleged breach of duty, neglect, error, misstatement or omission, actually or allegedly caused, committed or attempted while acting independently or collectively in their capacity at JEA.

Significance: The attached insurance summary explains the coverage.

Effect: On October 1, 2004, JEA purchased Directors' and Officers' Liability Insurance. This insurance has been renewed each subsequent October 1st.

Cost or Benefit: This insurance provides coverage for JEA, its Officers and Board Members in the event of actual or alleged breach of duty, neglect, error, misstatement or omission, actually or allegedly caused, committed or attempted while acting independently or collectively in their capacity at JEA. The year's cost of renewal is \$108,840, a reduction in premium from last year of \$12,769.

Recommended Board action: This item is submitted for information.

For additional information, contact: James Chapman, Director Risk Management Services, 665-7781

Submitted by: PEM/TEH/JDC

MISSION	VISION	VALUES
Energizing our community through high-value energy and water solutions.	JEA is a premier service provider, valued asset and vital partner in advancing our community.	<ul style="list-style-type: none"> • Safety • Service • Growth? • Accountability • Integrity

Commitments to Action

- 1** Earn Customer Loyalty
- 2** Deliver Business Excellence
- 3** Develop an Unbeatable Team



DIRECTORS' & OFFICERS' LIABILITY INSURANCE

INSURED:	JEA, its' Officers and Board Members
CARRIER:	Associated Electric & Gas Insurance Services Limited (AEGIS)
POLICY PERIOD:	October 1, 2015 thru September 30, 2016
POLICY NUMBER:	DP5029715P
ANNUAL PREMIUM:	\$108,840
POLICY LIMIT:	\$10,000,000 aggregate for the policy period
DEDUCTIBLE:	\$250,000 each claim
COVERAGE:	AEGIS shall pay on behalf of the Insured by reason of any "Wrongful Act" of Officers and Board Members which takes place on or after October 1, 2004.
"WRONGFUL ACT":	Actual or alleged breach of duty, neglect, error, misstatement or omission actually or allegedly caused, committed or attempted by any Officers and Board Members while acting individually or collectively in their capacity for JEA.
EXCLUSIONS OF COVERAGE:	Deliberately fraudulent, dishonest, criminal or malicious act or omission or any knowing and intentional violation of any statute or regulation. Also, any employment related wrongful acts such as termination of employment, discrimination or sexual harassment.

III. B. 3.

Proposed FY2017 Operating and Capital Budgets



Building Community

AGENDA ITEM SUMMARY

June 1, 2016

SUBJECT:	PROPOSED FY2017 OPERATING AND CAPITAL BUDGETS
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Purpose:	<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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Issue: JEA must submit its proposed budget to the City Council by July 1 each year.

Significance: High: The budget is the plan and basis for appropriating revenues and expenses, as well as capital expenditures and debt financing.

Effect: The budget affects customers and the City of Jacksonville and is integral to JEA's strategic planning, financial performance, and resulting metrics.

Cost or Benefit: \$1.7 billion operating and \$399 million capital.

Recommended Board action: Staff recommends the Board approve the proposed FY2017 operating and capital budgets, authorize staff to transmit to the City Council, approve JEA's share of SJRPP and Plant Scherer operating and capital budgets, and authorize the Managing Director/CEO to make minor modifications within the total approved amounts, if necessary.

For additional information, contact: Melissa Dykes

Submitted by: PEM/ MHD/ DRJ

MISSION	VISION	VALUES
		
<p>Energizing our community through high-value energy and water solutions.</p>	<p>JEA is a premier service provider, valued asset and vital partner in advancing our community.</p>	<ul style="list-style-type: none"> • Safety • Service • Growth? • Accountability • Integrity

Commitments to Action

- 1 Earn Customer Loyalty
- 2 Deliver Business Excellence
- 3 Develop an Unbeatable Team



INTER-OFFICE MEMORANDUM

June 1, 2016

SUBJECT: PROPOSED FY2017 OPERATING AND CAPITAL BUDGETS

FROM: Paul E. McElroy, Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

Annually, JEA staff recommends and, after the JEA Board's review and action, transmits JEA's recommended Electric System, Water and Sewer System, and District Energy System operating and capital budgets to the Jacksonville City Council for final action. By law, JEA must submit its proposed budget to the City Council by July 1, 2016.

DISCUSSION:

At the March 2016 and May 2016 Finance and Audit Committee meetings, staff presented key strategic initiatives and major budget assumptions for the FY2017 operating and capital budgets. Budget assumptions include no Electric or Water and Sewer rate adjustments in FY2017 and financial metrics that are within Pricing Policy goals. The proposed budgets include internal funding for the capital program in an effort to support the "pay-go" philosophy for all recurring capital expenditures. The proposed budgets address key strategic initiatives to support the quality of service delivery, climate change, Total Water Resource Plan, regulatory compliance, workforce readiness, conservation, and customer satisfaction initiatives. In addition, the budget includes a record high contribution to the City of Jacksonville General Fund in the amount of \$115.8 million. The operating and capital budget schedules that will be transmitted to the City Council upon JEA Board approval are attached as Schedule A and B. As required by the City of Jacksonville, JEA transmits its Five-Year Capital Improvement Program during the annual budget process and it is attached as Schedule C.

The proposed budgets include the following:

1. Consolidated Operating Budget and Capital Budget Schedules
The proposed budgets include considerable internal funding for the capital program in an effort to support the "pay-go" philosophy for all recurring capital expenditures.
2. Electric System
There are no planned base rate or fuel rate adjustments in FY2017. The FY2017 operating budget includes a \$22.7 million reduction from FY2016. The proposed Salaries and Benefits budget includes a \$3.9 million increase in net pension payments. FY2017 Budget assumptions include a debt service increase of \$32.7 million resulting from a proposed bond buy-back of \$38.9 million and stable debt service coverage.
3. Water and Sewer System
There are no planned rate increases in FY2017. The FY2017 operating budget includes a \$10.9 million increase from FY2016. Budget assumptions include stable debt service coverage and a \$12.9 million increase in debt service. The proposed Salaries and Benefits budget includes a \$1.4 million increase in net pension payments.

4. Government Transfers

The budget includes a record high contribution to the City of Jacksonville General Fund in the amount of \$115.8 million.

5. Regulatory Accounting

In connection with the Pricing Policy, the budget was prepared using the Utility Basis of ratemaking, resulting in the inclusion of regulatory accounting items such as Pension, DSM/Conservation, Debt Management, Environmental, Fuel, Purchased Power and Self-Funded Health Plan.

Under the terms of the St. Johns River Power Park (SJRPP) Joint Operating Agreement (JOA), the co-owners share the cost of constructing, operating, and maintaining the two coal-fired units. The JEA Board approves the annual operating and capital budget for JEA's ownership interest in SJRPP. The total SJRPP budget is approved by the SJRPP Executive Committee representing the two co-owners. The SJRPP budget is not approved by the City Council. JEA's share of the SJRPP budget is a component of fuel and purchased power expense in JEA's Electric System Operating budget. Schedule D, attached, summarizes JEA's share of the proposed FY2017 operating and capital budgets for SJRPP.

JEA owns a 23.64 percent interest in Unit 4 of the Robert W. Scherer Electric Generating Plant (Scherer Unit 4). As with SJRPP, JEA's share of the operating and capital budgets for this unit is a component of the JEA Electric System fuel and purchased power expense. Decisions regarding the operation of Unit 4 are made by majority vote of the co-owners. The JEA Board approves JEA's share of the annual budget for Scherer Unit 4, but the City Council does not review or approve the Plant Scherer budget. Schedule D, attached, summarizes JEA's share of the FY2017 operating and capital budgets for Plant Scherer. Note that this budget is subject to approval by the other co-owners.

RECOMMENDATION:

Staff recommends the Board:

- (1) approve the proposed operating and capital budgets as shown on Schedules A, B, and C (attached), commit to funding all future pension costs in rates, authorize staff to transmit the recommended budgets to the Jacksonville City Council for final action, and transmit the Five-Year Capital Improvement Program (Schedule C) as required by the Jacksonville City Planning Department, and
- (2) approve JEA's share of the SJRPP and Plant Scherer operating and capital budgets as shown on Schedule D (attached), and
- (3) authorize the Managing Director/CEO to adjust the budget approved by the Board of Directors and submitted to Council, if necessary, within the total approved budget amounts for each system.

Paul E. McElroy, Managing Director/CEO

PEM/MHD/DRJ

JEA
CONSOLIDATED OPERATING BUDGET
FISCAL YEAR 2017

	Electric System	Water & Sewer System	District Energy System	Total
FUEL RELATED REVENUES & EXPENSES:				
FUEL REVENUES:	\$ 472,264,680	\$ -	\$ -	\$ 472,264,680
Total Net Revenues	<u>\$ 472,264,680</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 472,264,680</u>
FUEL EXPENSES:				
Fuel & Purchased Power	\$ 472,264,680	\$ -	\$ -	\$ 472,264,680
FUEL SURPLUS/(DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BASE RELATED REVENUES & EXPENSES				
BASE OPERATING REVENUES:				
Base Rate Revenues	\$ 762,971,975	\$ 381,678,122	\$ 9,247,921	\$ 1,153,898,018
Environmental Charge Revenue	7,942,200	23,908,290	-	31,850,490
Conservation Charge & Demand Side Revenue	1,000,000	-	-	1,000,000
Other Revenues	29,966,575	11,638,859	-	41,605,434
Natural Gas Pass Through Revenue	7,188,723	-	-	7,188,723
Total Base Related Revenues	<u>\$ 809,069,473</u>	<u>\$ 417,225,271</u>	<u>\$ 9,247,921</u>	<u>\$ 1,235,542,664</u>
BASE OPERATING EXPENSES:				
Operating and Maintenance	\$ 209,105,373	\$ 141,698,943	\$ 5,252,918	\$ 356,057,234
Environmental	7,942,200	2,449,584	-	10,391,783
Conservation & Demand-side Management	7,510,000	-	-	7,510,000
Natural Gas Pass Through Expense	6,880,298	-	-	6,880,298
Non-Fuel Purchased Power	83,394,296	-	-	83,394,296
Non-Fuel Uncollectibles & PSC Tax	1,749,583	844,390	-	2,593,973
Emergency Reserve	5,000,000	1,000,000	-	6,000,000
Total Base Related Expenses	<u>\$ 321,581,750</u>	<u>\$ 145,992,917</u>	<u>\$ 5,252,918</u>	<u>\$ 472,827,585</u>
BASE OPERATING INCOME:	\$ 487,487,723	\$ 271,232,354	\$ 3,995,002	\$ 762,715,079
NON-OPERATING REVENUE:				
Investment Income	4,631,588	3,152,787	-	7,784,375
Transfer To/From Fuel Recovery	-	-	-	-
Capacity Fees	-	19,000,000	-	19,000,000
Total Non Operating Revenues	<u>\$ 4,631,588</u>	<u>\$ 22,152,787</u>	<u>\$ -</u>	<u>\$ 26,784,375</u>
NON-OPERATING EXPENSES:				
Debt Service	229,848,619	122,572,849	3,022,454	355,443,922
Total Non Operating Expenses	<u>\$ 229,848,619</u>	<u>\$ 122,572,849</u>	<u>\$ 3,022,454</u>	<u>\$ 355,443,922</u>
BASE INCOME BEFORE TRANSFERS	\$ 262,270,692	\$ 170,812,292	\$ 972,549	\$ 434,055,533
City Contribution Expense	92,270,692	23,552,258	-	115,822,950
Interlocal Payments	-	-	-	-
Renewal and Replacement Fund	59,953,918	21,324,415	433,635	81,711,968
Operating Capital Outlay	110,046,082	94,076,913	538,914	204,661,908
Environmental Capital Outlay	-	12,858,706	-	12,858,706
Capacity Fees	-	19,000,000	-	19,000,000
Operating Contingency	-	-	-	-
Total Non-Fuel Expenses	<u>\$ 262,270,692</u>	<u>\$ 170,812,292</u>	<u>\$ 972,549</u>	<u>\$ 434,055,533</u>
SURPLUS/(DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL REVENUES	\$ 1,285,965,741	\$ 439,378,058	\$ 9,247,921	\$ 1,734,591,720
TOTAL APPROPRIATIONS	\$ 1,285,965,741	\$ 439,378,058	\$ 9,247,921	\$ 1,734,591,720
BUDGETED EMPLOYEE POSITIONS	1,554	599	5	2,158
BUDGETED TEMPORARY HOURS	208,000	20,800	0	228,800

JEA
CONSOLIDATED CAPITAL BUDGET
FISCAL YEAR 2017

	Electric System	Water & Sewer System	District Energy System	Total
CAPITAL FUNDS:				
Renewal & Replacement Deposits	\$ 59,953,918	\$ 21,324,415	\$ 433,635	\$ 81,711,968
Operating Capital Outlay	110,046,082	94,076,913	538,914	204,661,908
Environmental Capital Outlay	-	12,858,706	-	12,858,706
Capacity Fees	-	19,000,000	-	19,000,000
Debt Proceeds	-	-	-	-
Other Proceeds	-	78,239,966	2,098,451	80,338,417
Total Capital Funds	<u>\$ 170,000,000</u>	<u>\$ 225,500,000</u>	<u>\$ 3,071,000</u>	<u>\$ 398,571,000</u>
CAPITAL PROJECTS:				
Generation Projects	\$ 33,340,000	\$ -	\$ -	\$ 33,340,000
Transmission & Distribution Projects	82,368,000	-	-	82,368,000
District Energy Projects	-	-	3,071,000	3,071,000
Water Projects	-	60,237,863	-	60,237,863
Sewer Projects	-	140,790,137	-	140,790,137
Other Projects	54,292,000	24,472,000	-	78,764,000
Total Capital Projects	<u>\$ 170,000,000</u>	<u>\$ 225,500,000</u>	<u>\$ 3,071,000</u>	<u>\$ 398,571,000</u>

JEA
Five Year Capital Improvement Program
Fiscal Years 2017-2021
(\$000'S Omitted)

Project Title	FY2017	FY2018	FY2019	FY2020	FY2021	Project Total
Expanded Generation Capacity	\$0	\$0	\$0	\$0	\$0	\$0
Electric System Distribution Projects	49,044	45,991	37,995	39,324	37,733	210,087
Electric System Substation & Transmission	33,324	26,586	20,456	16,886	20,850	118,102
Electric System Generation Projects	33,340	18,486	25,049	15,568	10,500	102,943
Electric System Other Projects	54,292	72,831	50,802	32,747	34,742	245,414
Total	\$170,000	\$163,894	\$134,302	\$104,525	\$103,825	\$676,546
Water Treatment	\$27,626	\$24,798	\$22,039	\$15,775	\$24,120	\$114,358
Water Distribution	32,612	28,238	28,372	24,784	28,988	142,994
Sewer Collection	33,476	37,042	34,815	29,793	33,371	168,497
Sewage Pump Stations	26,673	19,791	8,928	6,521	8,650	70,563
Wastewater Treatment	67,705	45,599	27,383	26,570	38,890	206,147
Reclaimed Water Distribution	12,936	10,452	20,830	17,694	23,876	85,788
Other Capital Projects	24,472	21,240	19,221	19,517	19,564	104,014
Total	\$225,500	\$187,160	\$161,588	\$140,654	\$177,459	\$892,361
District Energy System	\$3,071	\$1,424	\$1,442	\$1,350	\$1,783	\$9,070

JEA
ST. JOHNS RIVER POWER PARK (SJRPP)
AND PLANT SCHERER (SCHERER)
OPERATING AND CAPITAL BUDGET
FISCAL YEAR 2017

	SJRPP	SCHERER
OPERATING BUDGET:		
Revenue:		
Operating Revenue from JEA	\$ 140,120,853	\$ 65,586,003
Expenses:		
Fuel and O & M	\$ 121,094,956	\$ 44,328,973
Transmission	-	4,700,000
Debt Service	39,704,711	9,679,445
Renewal & Replacement	(20,678,814)	6,877,585
Total Expenses	\$ 140,120,853	\$ 65,586,003
CAPITAL BUDGET :	\$ 12,926,000	\$ 6,877,585

MWHs Purchased by JEA Electric System	2,640,500	1,244,600
Employee Positions	239	

Note: all Plant Scherer employees are Georgia Power Co. employees.

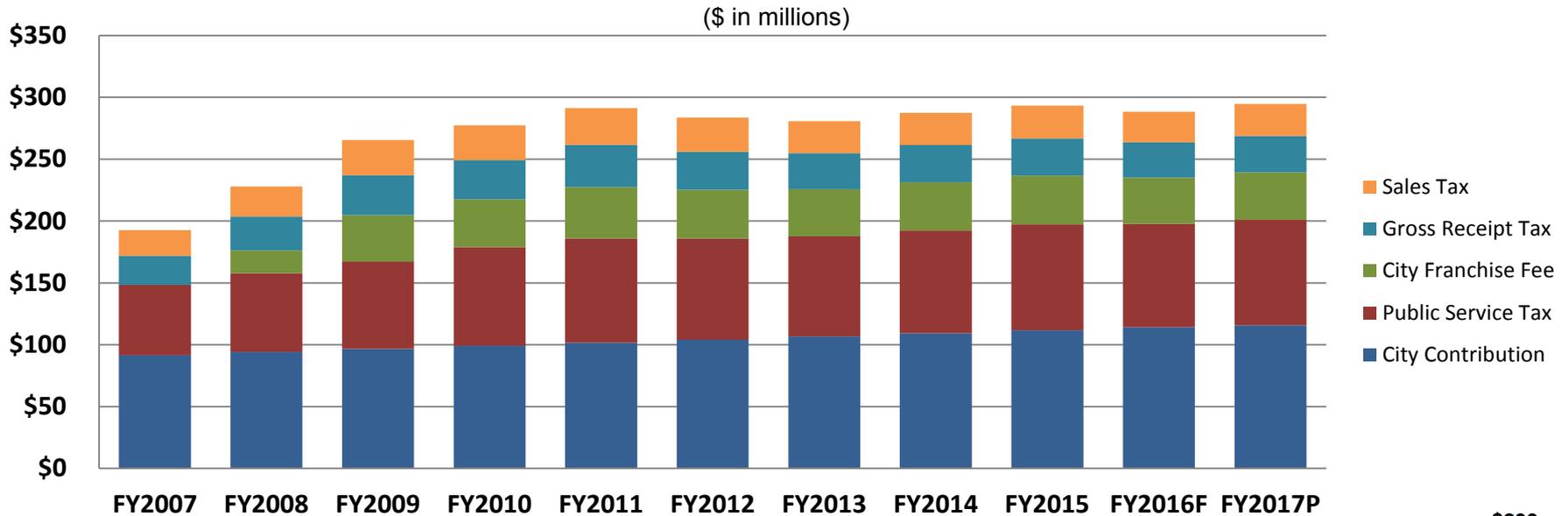
FY2017 Budget

June Board of Directors Meeting

Proposed Budget Summary

Electric System						Water and Sewer System					
Revenue (in millions)	<u>FY17B</u> \$1,286	<u>FY16B</u> \$1,309	<u>Δ</u> (\$23)	<u>FY16F</u> \$1,178		Revenue (in millions)	<u>FY17B</u> \$439	<u>FY16B</u> \$428	<u>Δ</u> \$11	<u>FY16F</u> \$426	
<u>Unit Sales Growth</u> 3.3% increase to system sales from FY2016B 7.1% increase to system sales from FY2016F to FY2017B 5.0% weather contingency						<u>Unit Sales Growth</u> 6.1% increase to system sales from FY2016B 8.2% increase to system sales from FY2016F to FY2017B 5.0% weather contingency					
<u>Pricing</u> Variable Fuel Rate decreased to \$36.75/MWh in FY2016, no change for FY2017						<u>Pricing</u> There are no planned rate changes for FY2017					
<u>COJ Transfer</u> Total (\$ in millions)	<u>FY07</u> \$121	<u>FY14</u> \$187	<u>FY15</u> \$191	<u>FY16F</u> \$189	<u>FY17P</u> \$192	<u>COJ Transfer</u> Total (\$ in millions)	<u>FY07</u> \$27	<u>FY14</u> \$45	<u>FY15</u> \$45	<u>FY16F</u> \$46	<u>FY17P</u> \$47
<u>O&M</u> Increases by \$8.5 million or 4.2% versus prior year's budget <ul style="list-style-type: none"> • Generating Unit Outages, \$9.4 million • Includes net pension increase of \$3.9 million • Includes funding for strategic initiatives 						<u>O&M</u> Increases by \$5.4 million or 4.0% over prior year's budget <ul style="list-style-type: none"> • Includes net pension increase of \$1.4 million • Includes funding for strategic initiatives 					

Government Transfers via the JEA Bill



Description	Paid To	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016F	FY2017P
City Contribution	COJ	\$91.4	\$94.2	\$96.7	\$99.2	\$101.7	\$104.2	\$106.7	\$109.2	\$111.7	\$114.2	\$115.8
Public Service Tax	COJ	56.9	63.6	70.5	79.7	84.2	81.8	80.9	83.1	85.6	83.7	85.2
City Franchise Fee	COJ	-	18.3	37.5	38.6	41.7	39.3	38.1	39.0	39.4	37.3	38.4
Gross Receipt Tax	State	23.7	27.6	32.1	31.7	34.1	30.8	29.3	30.2	30.2	28.6	29.5
Sales Tax	State and COJ	20.6	24.1	28.5	28.1	29.7	27.7	25.8	26.1	26.4	24.8	25.7
Total		\$192.6	\$227.8	\$265.3	\$277.3	\$291.4	\$283.8	\$280.8	\$287.6	\$293.3	\$288.6	\$294.6

Percent increase from FY2007: 18% (FY2008), 38% (FY2009), 44% (FY2010), 51% (FY2011), 47% (FY2012), 46% (FY2013), 49% (FY2014), 52% (FY2015), 50% (FY2016F), 53% (FY2017P)

Discussion and Analysis

- JEA transfers to the City of Jacksonville have increased to \$239 million



¹Excludes \$15m additional one-time payment to the City of Jacksonville for Water & Sewer infrastructure expansion.

Proposed Budget Summary

Electric System					Water and Sewer System				
Capital (millions)	<u>FY16F</u>	<u>FY17*</u>	<u>FY18</u>	<u>FY19</u>	Capital (millions)	<u>FY16F</u>	<u>FY17*</u>	<u>FY18</u>	<u>FY19</u>
Depreciation	\$ 179	\$ 178	\$ 184	\$ 191	Depreciation	\$ 133	\$ 131	\$ 133	\$ 138
Expenditures	\$ 161	\$ 170	\$ 164	\$ 134	Expenditures	\$ 163	\$ 225	\$ 187	\$ 162
Funding					Funding				
R&R	\$ 62	\$ 60			R&R	\$ 21	\$ 21		
OCO	\$ 86	\$ 110			OCO/Capacity Fee	\$ 116	\$ 114		
Prior	\$ 13	\$ 0			Environmental	\$ 11	\$ 18		
Debt	\$ 0	\$ 0			Prior	\$ 15	\$ 72		
	\$ 161	\$ 170			Debt	\$ 0	\$ 0		
						\$ 163	\$ 225		
* FY17 Budget includes 10% contingency					* FY17 Budget includes 10% contingency and \$5.0 million of Environmental transferred from rate stabilization				
Metrics	<u>FY2017B</u>	<u>Rating Agency</u>	<u>Pricing Policy</u>		Metrics	<u>FY2017B</u>	<u>Rating Agency</u>	<u>Pricing Policy</u>	
Coverage	2.7x	2.5x	≥2.2x		Coverage	2.6x	2.2x	≥1.8x	
Debt to Asset	64%	64%	≤60%		Debt to Asset	50%	50%	≤50%	
Days of Liquidity	329	293	150 – 250 days		Days of Liquidity	261	250	≥100 days	
Total Debt	\$2.76 billion	\$2.76 billion	-----		Total Debt	\$1.61billion	\$1.61 billion	-----	
Δ Debt	(\$231) million	(\$231) million	-----		Δ Debt	(\$34) million	(\$34) million	-----	

21 West Church Street
Jacksonville, Florida 32202-3139

June 27, 2016



The Honorable Lori Boyer
President, City Council
City of Jacksonville
117 West Duval Street, Suite 425
Jacksonville, FL 32202

Dear Council President Boyer:

Pursuant to the City of Jacksonville Charter, I am transmitting the proposed JEA Fiscal Year (FY) 2017 budget for City Council action. The recommended operating and capital budgets provide funding for operational initiatives and capital projects which support our purpose of providing clean, safe, reliable, and affordable electric, water and sewer services while remaining environmentally sound and financially strong.

The budget includes a \$1.6 million (1.4%) increase in City Contribution, bringing the total FY2017 contribution to \$115.8 million (approximately 10% of JEA budgeted base revenues). JEA's total local government transfer, including contribution, franchise fees, and public service tax, is forecasted to be \$239.4 million, which represents 19% of budgeted base revenues and 14% of the total proposed JEA budget.

The budget is sensitive to the challenges of the current economic conditions and does not include any base rate increases despite the fact that unit sales for both the Electric and Water and Sewer Systems have fallen when compared to pre-recession levels. Current expectations are that unit sales will remain flat on the Electric System and have small growth in the Water and Sewer System. Limited growth, coupled with the expected and substantial environmental compliance costs associated with recent mandates, are expected to challenge JEA's financial margins over the next few years. Our goal is to achieve base rate stability by effectively balancing the need for very tight expense controls with continued investment in improving the utility system's operating performance, improving the quality of service delivery, achieving regulatory compliance, and ensuring workforce readiness. Environmental compliance costs could threaten that goal in the coming years.

The budget includes internal funding of the capital program to support the "pay-go" philosophy for all recurring capital expenditures.

The proposed operating budgets for FY2017 are \$1,286.0 million for the Electric System, \$439.4 million for the Water and Sewer System and \$9.2 million for the District Energy System. The proposed capital budgets for FY2017 are \$170 million for the Electric System, \$225.5 million for the Water and Sewer System, and \$3.1 million for the District Energy System.

Following are highlights of the proposed budget:

- FY2017 operating budget, \$11.6 million lower than FY2016, and lower for the fifth year in a row
- No planned Electric System base rate adjustments

E L E C T R I C

W A T E R

S E W E R

- No planned Water and Sewer System rate adjustments
- Government transfers of \$239.4 million, including, a record high City of Jacksonville General Fund contribution of \$115.8 million (up \$1.6 million, or 1.4% over this current fiscal year), Franchise Fees of \$38.4 million, and Public Service Tax collection of \$85.2 million
- Capital program to ensure continued system reliability without issuance of new debt
- \$174 million scheduled debt reduction
- Financial metrics that meet Rating Agency commitments
- Funding for key strategic issues such as climate change, improving service delivery, and water resource planning
- Rigorous and disciplined focus on workplace safety
- Funding for compliance, security, and enterprise risk management

We appreciate the City Council's past and current support of JEA. We believe the attached budget will enable us to continue to improve Jacksonville's environment while supporting the economy through high quality, low-cost utility infrastructure for the citizens of our community.

Sincerely,

Tom Petway, Chair
Board of Directors

cc: Council Auditor
Office of Mayor (3 copies)

Attachments: Schedules A and B

JEA
CONSOLIDATED OPERATING BUDGET
FISCAL YEAR 2017

III. B. 3.
6/21/2016

	Electric System	Water & Sewer System	District Energy System	Total
FUEL RELATED REVENUES & EXPENSES:				
FUEL REVENUES:	\$ 472,264,680	\$ -	\$ -	\$ 472,264,680
Total Net Revenues	<u>\$ 472,264,680</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 472,264,680</u>
FUEL EXPENSES:				
Fuel & Purchased Power	\$ 472,264,680	\$ -	\$ -	\$ 472,264,680
FUEL SURPLUS/(DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BASE RELATED REVENUES & EXPENSES				
BASE OPERATING REVENUES:				
Base Rate Revenues	\$ 762,971,975	\$ 381,678,122	\$ 9,247,921	\$ 1,153,898,018
Environmental Charge Revenue	7,942,200	23,908,290	-	31,850,490
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Environmental	7,942,200	2,449,584	-	10,391,783
Conservation & Demand-side Management	7,510,000	-	-	7,510,000
Natural Gas Pass Through Expense	6,880,298	-	-	6,880,298
Non-Fuel Purchased Power	83,394,296	-	-	83,394,296
Non-Fuel Uncollectibles & PSC Tax	1,749,583	844,390	-	2,593,973
Emergency Reserve	5,000,000	1,000,000	-	6,000,000
Total Base Related Expenses	<u>\$ 321,581,750</u>	<u>\$ 145,992,917</u>	<u>\$ 5,252,918</u>	<u>\$ 472,827,585</u>
BASE OPERATING INCOME:	<u>\$ 487,487,723</u>	<u>\$ 271,232,354</u>	<u>\$ 3,995,002</u>	<u>\$ 762,715,079</u>
NON-OPERATING REVENUE:				
Investment Income	4,631,588	3,152,787	-	7,784,375
Transfer To/From Fuel Recovery	-	-	-	-
Capacity Fees	-	19,000,000	-	19,000,000
Total Non Operating Revenues	<u>\$ 4,631,588</u>	<u>\$ 22,152,787</u>	<u>\$ -</u>	<u>\$ 26,784,375</u>
NON-OPERATING EXPENSES:				
Debt Service	229,848,619	122,572,849	3,022,454	355,443,922
Total Non Operating Expenses	<u>\$ 229,848,619</u>	<u>\$ 122,572,849</u>	<u>\$ 3,022,454</u>	<u>\$ 355,443,922</u>
BASE INCOME BEFORE TRANSFERS	<u>\$ 262,270,692</u>	<u>\$ 170,812,292</u>	<u>\$ 972,549</u>	<u>\$ 434,055,533</u>
City Contribution Expense	92,270,692	23,552,258	-	115,822,950
Interlocal Payments	-	-	-	-
Renewal and Replacement Fund	59,953,918	21,324,415	433,635	81,711,968
Operating Capital Outlay	110,046,082	94,076,913	538,914	204,661,908
Environmental Capital Outlay	-	12,858,706	-	12,858,706
Capacity Fees	-	19,000,000	-	19,000,000
Operating Contingency	-	-	-	-
Total Non-Fuel Expenses	<u>\$ 262,270,692</u>	<u>\$ 170,812,292</u>	<u>\$ 972,549</u>	<u>\$ 434,055,533</u>
SURPLUS/(DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL REVENUES	<u>\$ 1,285,965,741</u>	<u>\$ 439,378,058</u>	<u>\$ 9,247,921</u>	<u>\$ 1,734,591,720</u>
TOTAL APPROPRIATIONS	<u>\$ 1,285,965,741</u>	<u>\$ 439,378,058</u>	<u>\$ 9,247,921</u>	<u>\$ 1,734,591,720</u>
BUDGETED EMPLOYEE POSITIONS	1,554	599	5	2,158
BUDGETED TEMPORARY HOURS	208,000	20,800	0	228,800

JEA
CONSOLIDATED CAPITAL BUDGET
FISCAL YEAR 2017

	Electric System	Water & Sewer System	District Energy System	Total
CAPITAL FUNDS:				
Renewal & Replacement Deposits	\$ 59,953,918	\$ 21,324,415	\$ 433,635	\$ 81,711,968
Operating Capital Outlay	110,046,082	94,076,913	538,914	204,661,908
Environmental Capital Outlay	-	12,858,706	-	12,858,706
Capacity Fees	-	19,000,000	-	19,000,000
Debt Proceeds	-	-	-	-
Other Proceeds	-	78,239,966	2,098,451	80,338,417
Total Capital Funds	<u>\$ 170,000,000</u>	<u>\$ 225,500,000</u>	<u>\$ 3,071,000</u>	<u>\$ 398,571,000</u>
CAPITAL PROJECTS:				
Generation Projects	\$ 33,340,000	\$ -	\$ -	\$ 33,340,000
Transmission & Distribution Projects	82,368,000	-	-	82,368,000
District Energy Projects	-	-	3,071,000	3,071,000
Water Projects	-	60,237,863	-	60,237,863
Sewer Projects	-	140,790,137	-	140,790,137
Other Projects	54,292,000	24,472,000	-	78,764,000
Total Capital Projects	<u>\$ 170,000,000</u>	<u>\$ 225,500,000</u>	<u>\$ 3,071,000</u>	<u>\$ 398,571,000</u>

III. B. 4.
Purchasing Code Delegation of Authority



Building Community

AGENDA ITEM SUMMARY

May 26, 2016

SUBJECT:	PURCHASING CODE DELEGATION OF AUTHORITY
-----------------	--

Purpose:	<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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Issue: The JEA Purchasing Code was adopted via a JEA Board resolution in 1996 as a comprehensive purchasing code for use in governing all JEA purchases and related administrative activities. The Purchasing Code provides a solid foundation for JEA's procurement activities and has been amended over the years to remain current with industry best practices. In its initial version, the Purchasing Code granted the JEA Board the authority for promulgating JEA's procurement policy, including approval of Procurement Code amendments and Procurement Directives for exempt categories of procurement. In 2010, the JEA Board of Directors approved a JEA Board Policy Manual delegating this authority to JEA's CEO without approval of a JEA Board resolution specifically delegating this authority.

Significance: Since the time the JEA Board approved the Board Policy Manual in 2010, JEA's CEO has made certain revisions to the Purchasing Code and Procurement Directives consistent with the authority provided in the Board Policy Manual and seeks the acknowledgement from the JEA Board that the CEO has been properly delegated this authority.

Effect: Approval of this delegation via a JEA Board resolution provides specific authority for JEA's CEO to promulgate JEA's procurement policy.

Cost or Benefit: Approval via JEA Board resolution is the established administrative protocol for making this delegation of authority.

Recommended Board action: Staff recommends that the JEA Board approve the attached Resolution 2016-12 accepting and acknowledging revisions made to JEA's Purchasing Code and acknowledging, through a resolution mirroring the Board Policy Manual, Chief Executive Officer authority to amend the Purchasing Code.

For additional information, contact: John McCarthy, Director, Supply Chain Management

Submitted by: PEM/MHD/JPM

 MISSION Energizing our community through high-value energy and water solutions.	 VISION JEA is a premier service provider, valued asset and vital partner in advancing our community.	 VALUES <ul style="list-style-type: none"> • Safety • Service • Growth? • Accountability • Integrity
--	---	---

Commitments to Action

- 1 Earn Customer Loyalty**
- 2 Deliver Business Excellence**
- 3 Develop an Unbeatable Team**



INTER-OFFICE MEMORANDUM

May 26, 2016

SUBJECT: PURCHASING CODE DELEGATION OF AUTHORITY

FROM: Paul E. McElroy, Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

The JEA Purchasing Code was adopted by the JEA Board in 1996 as a comprehensive purchasing code for use in governing all JEA purchases and related administrative activities including, but not limited to, public bidding and award of contracts. The Purchasing Code is based upon *The Model Procurement Code for State and Local Governments* (the "Model Code") – a compendium of best purchasing policies and practices in the public sector, and is founded on the principle of fair and open competition as a basic tenant for Public Procurement.

The JEA Purchasing Code designates JEA's Chief Purchasing Officer as JEA's central procurement officer, and establishes an Awards Committee, comprised of the Chief Purchasing Officer as chair, JEA General Managers & Chief Officers as voting members, a representative from the JEA budget Organizational Element, and a representative of the Office of General Counsel. The Awards Committee provides added transparency and approval controls over the majority of JEA's procurement spend and all Awards Committee actions are implemented upon the written concurrence of JEA's Chief Executive Officer.

The JEA Purchasing Code provides a solid foundation for JEA's procurement activities and has been amended over the years to remain current with industry best practices.

DISCUSSION:

In its initial version, the Purchasing Code granted the JEA Board the authority for promulgating JEA's procurement policy, including the approval of Purchasing Code amendments and Procurement Directives for exempt categories of procurement.

In 2010, the JEA Board of Directors approved a JEA Board Policy Manual delegating this authority to JEA's CEO without approval of a JEA Board resolution specifically delegating this authority.

Since the time the JEA Board approved the JEA Board Policy Manual in 2010, JEA's Chief Executive Officer has made certain revisions to the JEA Purchasing Code and Procurement Directives, consistent with the authority provided in the Board Policy Manual, and seeks the acknowledgement from the JEA Board of Directors that the CEO has been properly delegated this authority.

RECOMMENDATION:

Staff recommends that the JEA Board approve the attached Resolution 2016-12 accepting and acknowledging revisions made to JEA's Purchasing Code and acknowledging, through a resolution mirroring the Board Policy Manual, Chief Executive Officer authority to amend the Purchasing Code.

Paul E. McElroy, Managing Director/CEO

PEM/MHD/JPM

Resolution 2016-12

A RESOLUTION ACCEPTING AND ACKNOWLEDGING REVISED JEA PROCUREMENT CODE; ACKNOWLEDGING CEO AUTHORITY TO AMEND JEA PROCUREMENT CODE; PROVIDING AN EFFECTIVE DATE.

WHEREAS, City Ordinance 93-82-1385, effective May 11, 1994, amended the City Charter to exempt JEA from using the City’s Purchasing Code for the procurement of goods, services, construction and professional services; and

WHEREAS, JEA has adopted the JEA Procurement Code, a comprehensive purchasing code for using in governing all JEA purchases and related administrative activities, including but not limited to, public bidding, and award of contracts (Effective February 1, 1996, as amended in 1997, 2004, 2011 and 2015); and

WHEREAS, the JEA Procurement Code provides for certain categories of goods or services be procured by the appropriate Organizational Element manager under management directives (“Procurement Management Directives”); and

WHEREAS, on February 16, 2010 the JEA Board adopted a JEA Board Policy Manual that provides in Policy 2.11 that the JEA Chief Executive Officer shall develop procurement policies and procedures that adhere to all applicable federal, state and local laws and ordinances, for procurement activities of JEA; and

WHEREAS, prior to the adoption of the JEA Board Policy Manual, the JEA Procurement Code and Procurement Management Directives for the appropriate Organizational Elements were approved by the JEA Board; and

WHEREAS, upon adoption of the JEA Board Policy Manual no resolution specifically delegating the responsibility and authority of the JEA Chief Executive Officer over all of JEA’s procurement policies and procedures was executed; and

WHEREAS, consistent with the JEA Board Policy Manual, the Chief Executive Officer, has made certain revisions to the JEA Procurement Code and Procurement Management Directives and seeks the acknowledgement from the JEA Board of Directors that the CEO has been delegated the responsibility for all JEA procurement policies and procedures and any amendments to the JEA Procurement Code and Procurement Management Directives without additional JEA Board approval; now therefore

BE IT RESOLVED by the JEA Board of Directors that:

Section 1. Current JEA Procurement Code. That certain document entitled *JEA Procurement Code*, attached hereto as Exhibit 1, and by this reference is incorporated herein as if set out in its entirety, is acknowledged and is accepted as the official purchasing code for the JEA.

Section 2. Replacement and Supersession. The JEA Board of Directors hereby acknowledges and accepts amendments made by the CEO in reliance upon the requirement set forth in section 2.11 of the JEA Board Policy Manual and the attached *JEA Procurement Code* replaces and supersedes all other purchasing procedures used by JEA prior to the effective date of this resolution.

Section 3. CEO Authority. Consistent with the requirements set forth in section 2.11 of the JEA Board Policy Manual, the Chief Executive Officer has the delegated authority over all of JEA's procurement policies and procedures and may amend the *Procurement Code* and Procurement Management Directives without future JEA Board of Directors approval, if such amendments do not modify established monetary thresholds requiring approval by the JEA Board of Directors.

Section 4. Effective Date. This resolution and the attached *JEA Procurement Code* shall become effective on July 1, 2016, and shall, on or after that date govern all JEA purchasing and procurement activities as defined in the *JEA Procurement Code* and Procurement Management Directives.

Dated this ____ day of June 2016.

JEA

By: _____

Tom Petway, Chair

Attest:

Delores Kesler, Secretary

Approved as to form:

Jody Brooks, Office of General Counsel

Attachments: Exhibit 1 – JEA Procurement Code

JEA's Procurement Process

Board of Directors Meeting

June 21, 2016

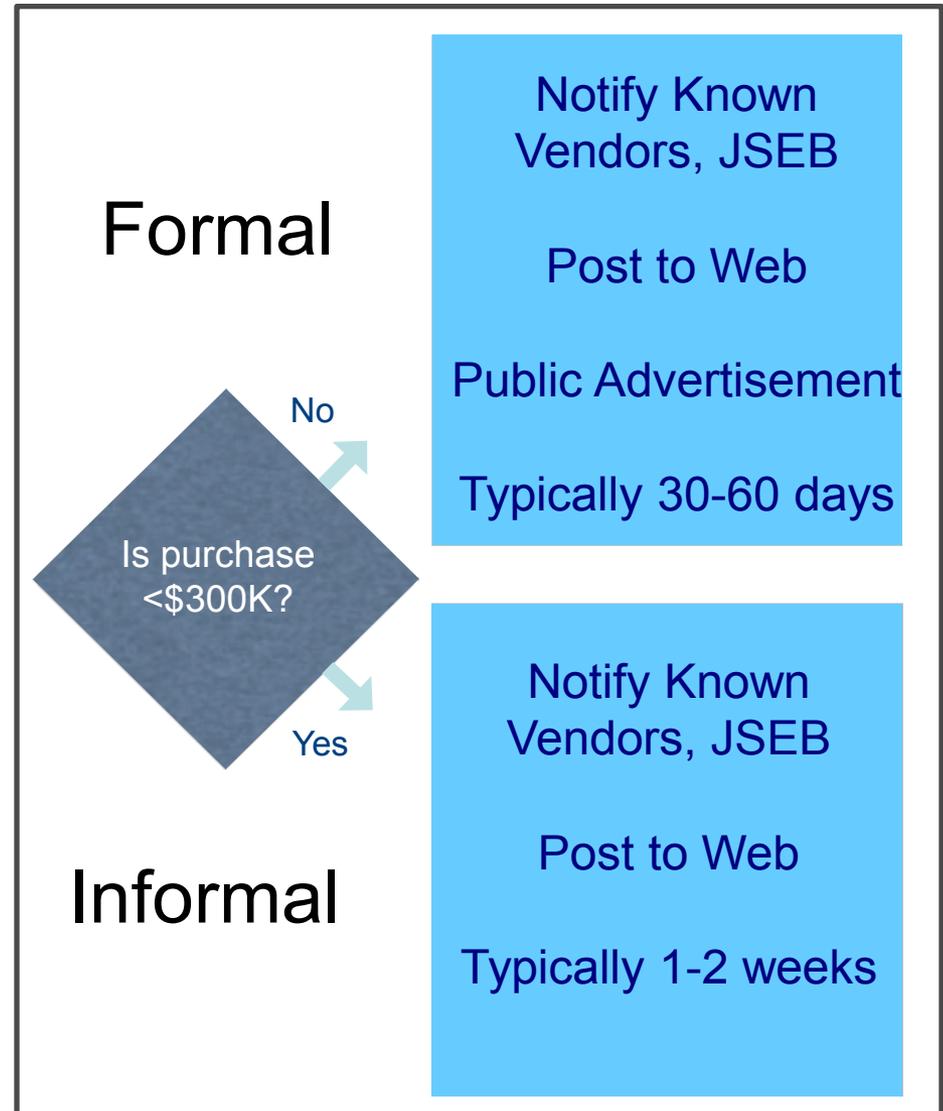
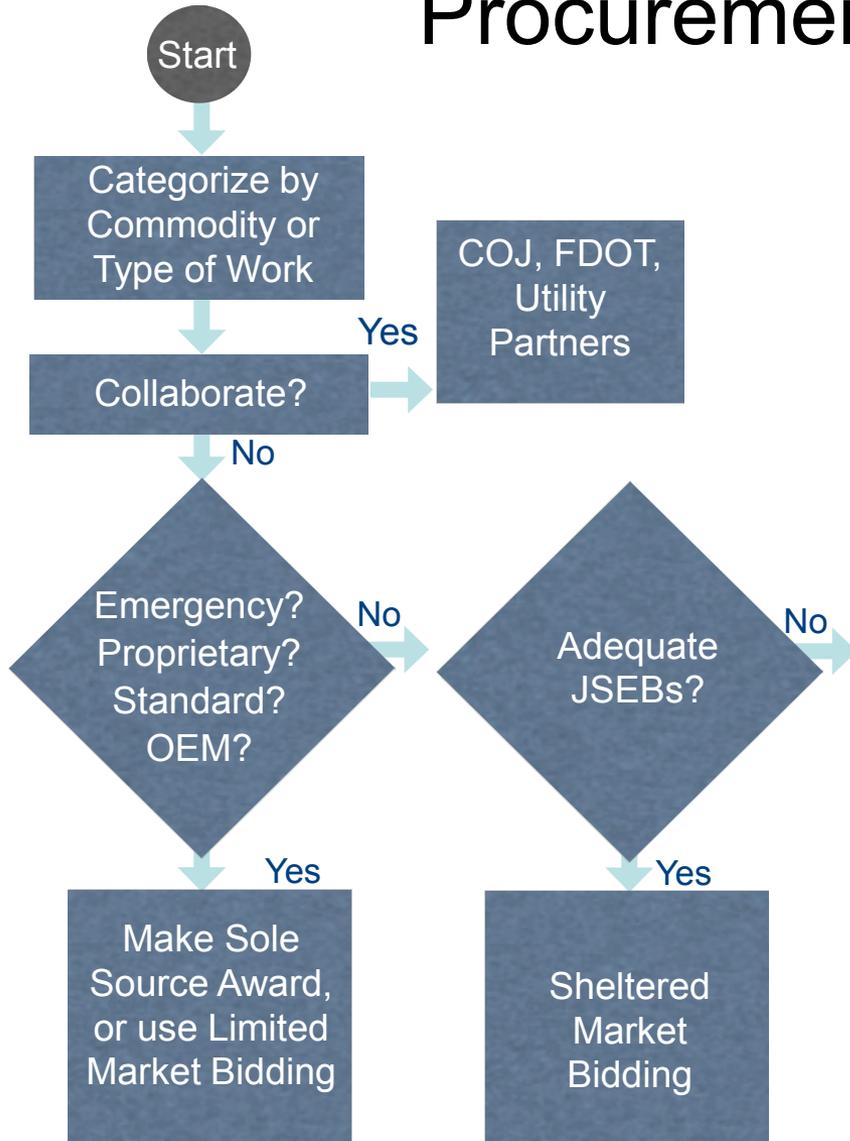
John McCarthy, Director Supply Chain Management

Procurement Process

■ Overview

- Solid Foundation in Governing Documents
- Processes and Initiatives in alignment with Governing Documents and Best Practices
- Procurement is Strategic! Every dollar saved goes directly to our Customer's bottom line
- Strong Jacksonville Small and Emerging Business Program (JSEB) and Local Initiatives are also strategic and create value to JEA's Customers and Community

Procurement Process Steps



Procurement Spend Data

- Annual Spend ~ \$500M
- ~ 80% of Total Spend uses Formal Process
- Competition for ~ 98% of Spend
- Top Spend Categories are Transmission & Distribution (T&D) Construction, Electric Generation, Water & Sewer (W&S) Construction

Negotiated Sourcing Results

Item	Current Price	1 st Bid	BAFO	BAFO Savings	Total Savings
Pad Trans	\$9.8M	\$7.8M	\$7.6M	\$220K	\$2.2M
Pole Trans	\$12.5M	\$11.1M	\$10.8M	\$270K	\$1.7M
Street Lights	\$50.0M	\$39.7M	\$38.2M	\$1.5M	\$12M
E-Payments	\$13.3M	\$6.1M	\$5.7M	\$390K	\$6.9M
Totals				\$2.4M	\$22.8M

- Invitation to Negotiate Process (Jan 2016 – May 2016)
- \$2.4M Best and Final Offer (BAFO) Savings vs. 1st Bid
- \$22.8M Total Savings vs. Current Pricing

Procurement is Strategic!

JEA's JSEB Procurement Program

- Consistently achieving >20% Available Spend
 - 80 JSEB Firms currently performing JEA work
 - Participation Goals in 50% of Formal Solicitations
 - 5 JSEB Sheltered Markets established
 - Concrete, Landscaping, Janitorial, Hauling, Facilities Architectural Services
 - ✓ \$2.3 M Annual Spend
- 8 JSEB Graduates since program's inception in 2005
 - Waitz & Moyer (Engineering), J&D Maintenance (Landscaping), Arwood (Waste Disposal), KC Integrated Systems (Electric Supplies), Dufresne & Associates (Accounting), TTV Architects (Architectural Services), Myers-Seth Pump (Equipment), Reliance Supply (Supplies)

Promotes Community & Customers

Procurement Process

- Summary
 - Solid Foundation in Governing Documents
 - Processes and Initiatives in alignment with Governing Documents and Best Practices
 - Procurement is Strategic! Every dollar saved goes directly to our Customer's bottom line
 - Strong JSEB and Local Initiatives are also strategic and create value to JEA's Customers and Community

III. B. 4.

Purchasing Code Delegation of Authority

The supplemental package includes the proposed JEA Purchasing Code, as well as the red-lined version indicating revisions to the Purchasing Code and Procurement Directives consistent with the authority provided in the Board Policy Manual.

III. B. 5.
Bi-Monthly Finance Presentation



JEA Monthly Financial Summary

as of May 31, 2016

AGENDA

III. B. 5.
6/21/2016

Board of Directors June 14, 2016

Key Financial Metrics

Electric System	Year-to-Date		FY2016 Full Year		Result
	FY2016	FY2015	Forecast	Target	
Debt Service Coverage	2.5x	2.5x	2.6x	≥ 2.2x	✓
Days Liquidity	337	286	331	150 to 250 days ¹	✓
<i>Days Cash on Hand</i>	214	169	209		✓
Debt to Asset %	67%	72%	66%	72% ²	✓

Water and Sewer System	FY2016	FY2015	Forecast	Target	Result
Debt Service Coverage	3.1x	2.7x	2.8x	≥ 1.8x	✓
Days Liquidity	269	238	276	≥ 100 days	✓
<i>Days Cash on Hand</i>	146	125	154		✓
Debt to Asset %	53%	54%	53%	55% ³	✓

¹ Moody's Aa benchmark: 150 to 250 days

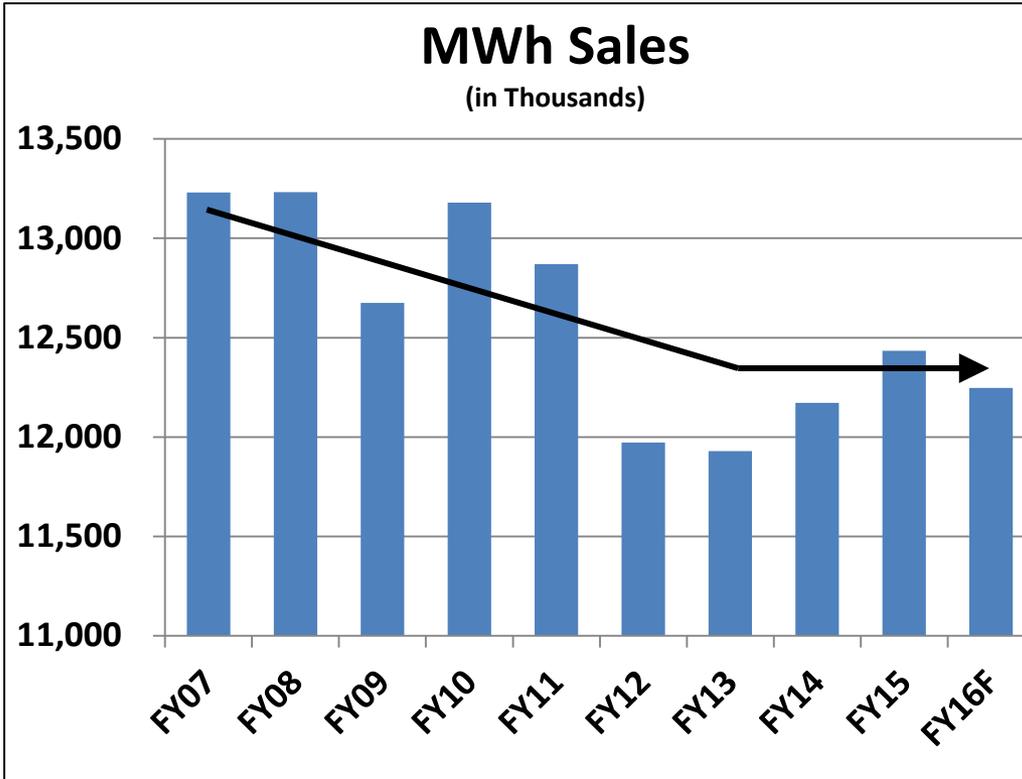
² Long-term target is 52%: per Moody's Sector In-Depth Report "Top 30 City Owned Utilities (by debt outstanding)", Sept. 2015

³ Long-term target is 50%: calculated peer group from Moody's 214 Aa rated public water-sewer utilities, Dec. 2015



JEA Electric System

MWh Sales



Month	FY15	FY16	%
Oct	971,595	952,515	(2.0%)
Nov	895,617	923,705	3.1%
Dec	943,753	922,956	(2.2%)
Jan	1,035,621	1,049,897	1.4%
Feb	934,102	894,563	(4.2%)
Mar	898,524	893,954	(0.1%)
Apr	954,803	900,013	(5.7%)
May	1,062,459	1,089,555	2.6%
Year-to-Date	7,696,474	7,627,158	(0.9%)
Jun	1,187,741		
Jul	1,254,252		
Aug	1,212,295		
Sep	1,083,446		
Total/Forecast	12,434,208	12,247,084	

Unit Sales Driver: Degree days 8% lower than last year.

YTD Degree Days		
30-yr. Avg.	FY15	FY16
2,112	2,206	2,029

YTD Customer Accounts		
FY15	FY16	%
445,342	452,833	1.7%

Total System	(0.9%)
Residential	(3.1%)
Comm./Industrial	1.5%
Interruptible	(3.4%)
Wholesale (FPU)	(0.9%)

JEA Electric System

Financial Results and Cost Metrics

(\$ in thousands)

Revenues	FY16 Forecast	FY15 Actual	FY16 Budget	FY16 vs FY15 (\$)	Variance (%)
Fuel Revenue	\$ 414,438 ¹	\$ 486,362 ²	\$ 485,631	\$ (71,924)	-14.8%
Base Revenue	729,677	741,411	711,502	(11,734)	-1.6%
Other Revenue	40,244	38,183	51,716	2,061	5.4%
Total Revenues	\$ 1,184,359	\$ 1,265,956	\$ 1,248,849	\$ (81,597)	-6.4%
		↑ \$(64M) ↑			
Select Expenses					
Fuel Expense	\$ 380,758	\$ 441,076	\$ 460,315	\$ 60,318	13.7%
Fuel Fund Transfers	33,681	45,286	25,255	11,605	
O & M Expense	203,132	191,764	222,827	(11,368)	-5.9%
Non-fuel Purchased Power	96,907	114,804	113,015	17,898	15.6%
Net Revenues	\$ 455,068	\$ 461,604	\$ 405,311	\$ (6,536)	-1.4%
		↑ \$50M ↑			
Capital Expenditures	\$ 160,124	\$ 116,728	\$ 153,200 ³	\$ (43,396)	-37.2%
Debt Service	\$ 175,729	\$ 175,779	\$ 185,614	\$ 50	0.0%

Electric Costs / MWh	Non-Fuel
Target	\$ 49.44
Forecast	<u>52.78</u>
Difference	\$ (3.34)

Fuel Fund (\$ in millions)	
Beginning Balance	\$ 151
Surplus/(Deficit)	90
Fuel Credit	<u>(57)</u>
Ending Balance	\$ 184

¹ Net of \$57 million fuel credit in October bill and fuel rate reduction in February

² Net of \$50 million fuel credit in FY15

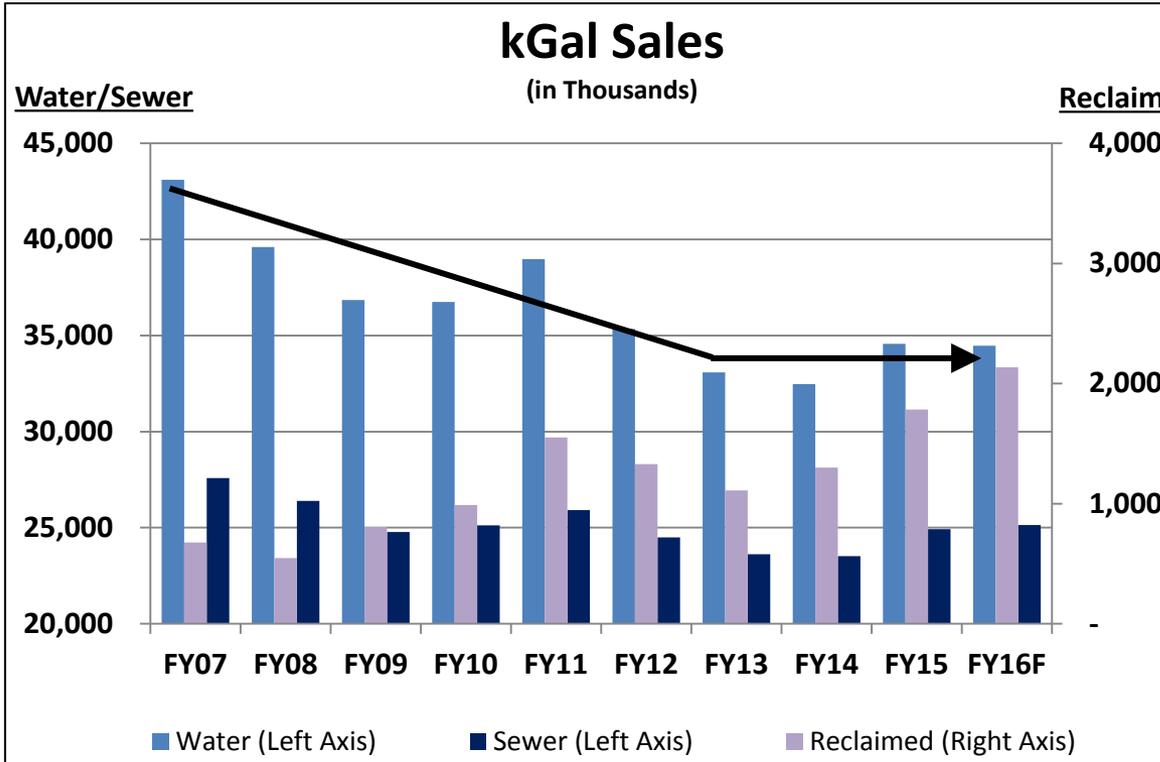
³ Council approved limit for capital expenditures in FY15 is \$170 million



JEA Water and Sewer System

kGal Sales

(in Thousands)



Month	FY15	FY16	%
Oct	3,052	3,120	2.2%
Nov	2,597	2,641	1.7%
Dec	2,708	2,758	1.8%
Jan	2,502	2,527	1.0%
Feb	2,239	2,479	10.8%
Mar	2,732	2,825	3.5%
Apr	2,765	2,914	5.4%
May	3,509	3,523	0.4%
YTD	22,103	22,788	3.1%
Jun	3,382		
Jul	3,300		
Aug	3,062		
Sep	2,712		
Total/Forecast	34,558	34,463	

Unit Sales Driver: Rainfall down 3 inches; rain days up 5.

YTD Rain			
	30-Yr. Avg.	FY15	FY16
Inches	24	22	19
Days	59	52	57

YTD Customer Accounts			
	FY15	FY16	%
Water	326,493	334,230	2.4%
Sewer	252,035	258,607	2.6%
Reclaimed	6,025	7,708	27.9%

Total System	3.1%
Residential	1.9%
Comm./Industrial	4.3%
Irrigation	3.9%



JEA Water and Sewer System

Financial Results and Cost Metrics

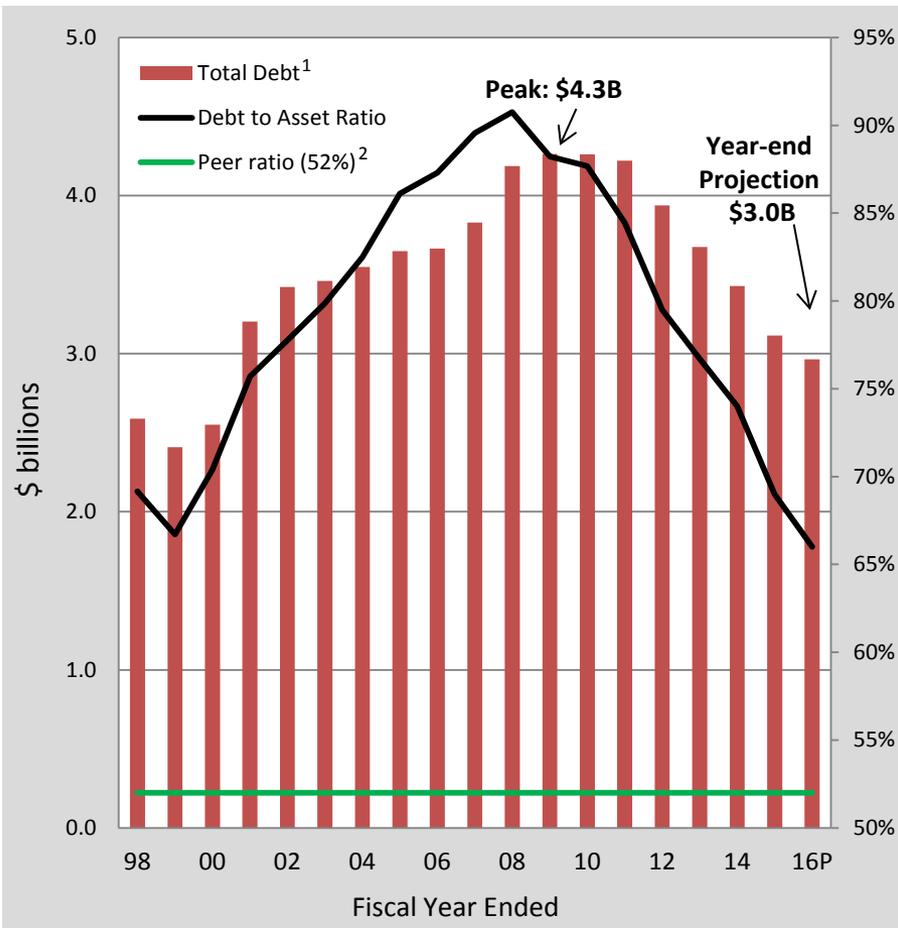
(\$ in thousands)

Revenues	FY16 Forecast	FY15 Actual	FY16 Budget	FY16F vs FY15 (\$)	Variance (%)
Water & Sewer Revenues	\$ 395,345	\$ 393,167	\$ 383,162	\$ 2,178	0.6%
Other Revenue	35,917	43,750	34,529	(7,833)	-17.9%
Total Revenues	\$ 431,262	\$ 436,917	\$ 417,691	\$ (5,655)	-1.3%
Select Expenses					
O & M Expense	\$ 133,004	\$ 127,174	\$ 138,368	\$ (5,828)	-4.6%
Net Revenues	\$ 272,611	\$ 278,471	\$ 254,266	\$ (5,860)	-2.1%
Capital Expenditures	\$ 161,895 ¹	\$ 100,806	\$ 175,000	\$ (61,089)	-60.6%
Debt Service	\$ 97,478	\$ 101,108	\$ 105,370	\$ 3,630	3.6%

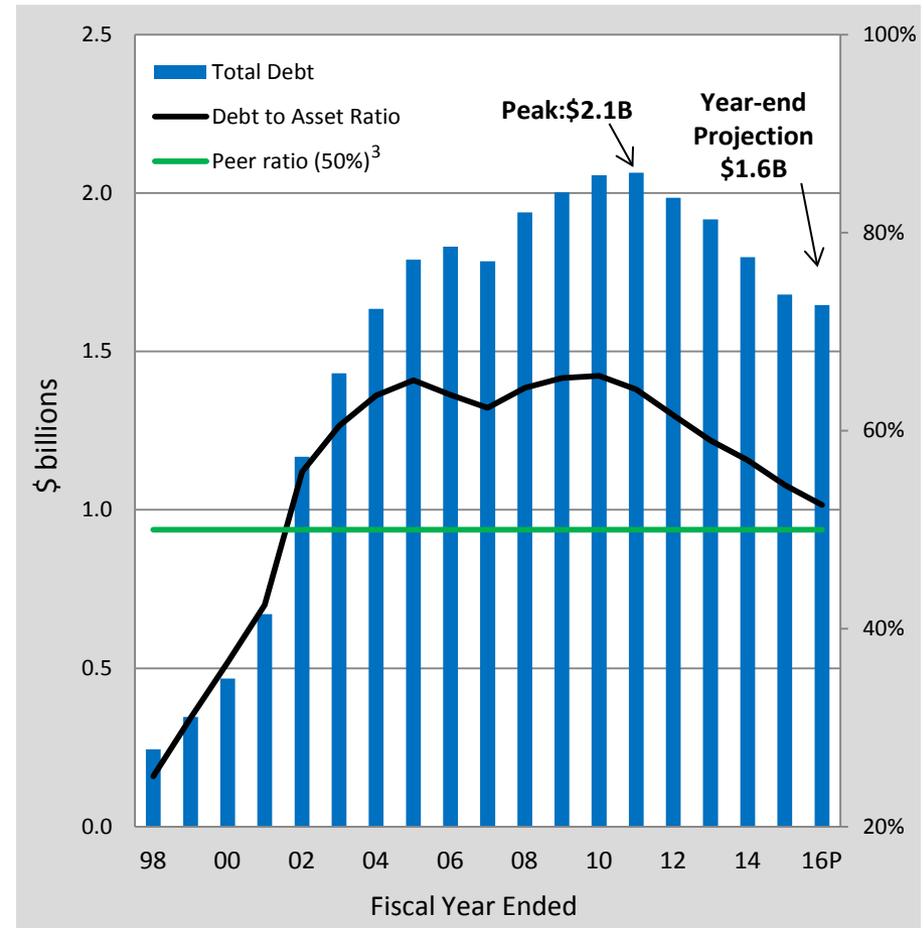
Cost / KGal	Water	Sewer
Target	\$ 3.98	\$ 7.25
Forecast	<u>4.50</u>	<u>7.77</u>
Difference	\$ (0.52)	\$ (0.52)

¹ Council approved limit for capital expenditures in FY16 is \$195 million

Electric System



Water and Sewer System

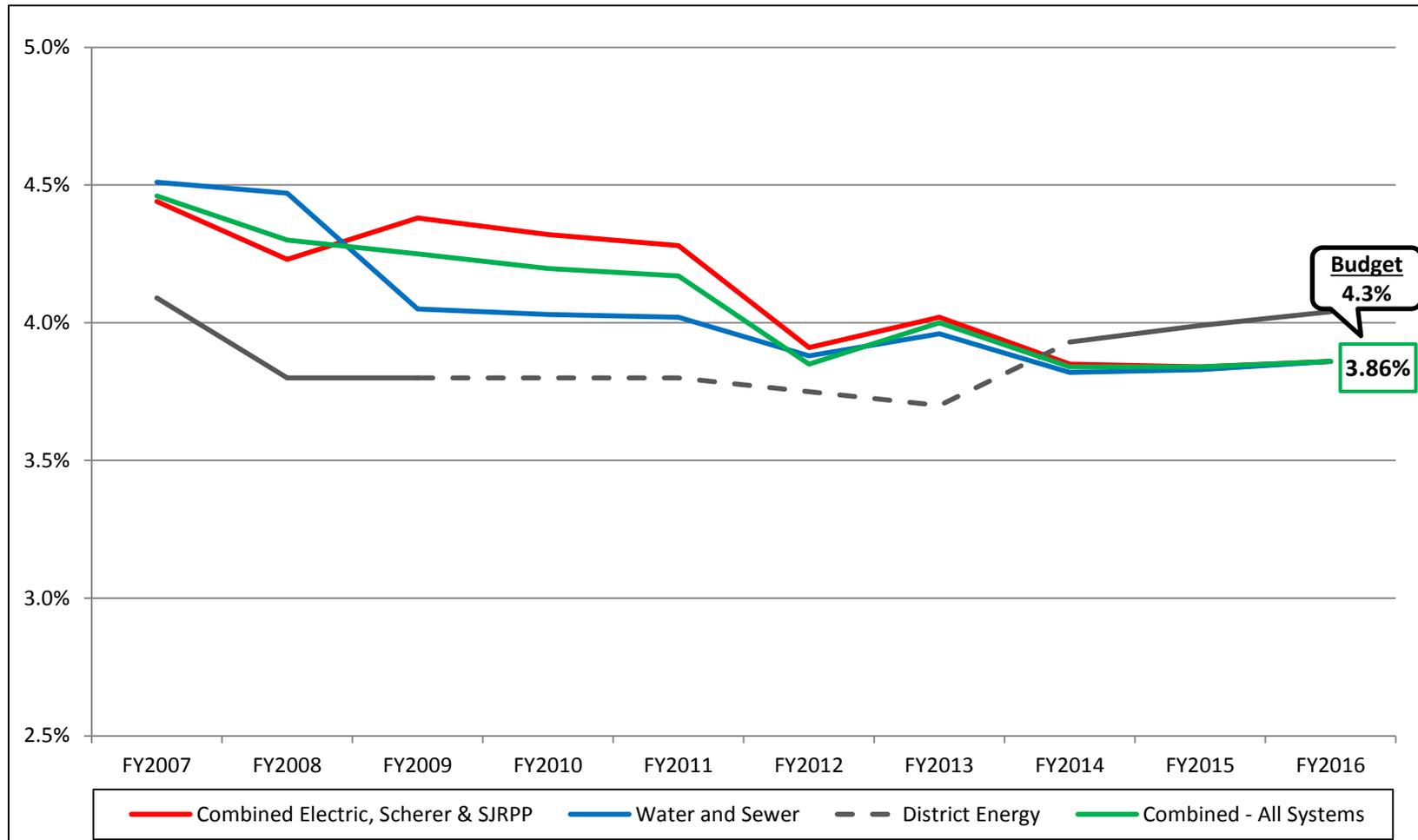


¹ Includes JEA, Scherer and SJRPP

² Per "Top 30 City Owned Utilities (By Debt Outstanding)" reported in Moody's Sector In-Depth Report, Sept. 8, 2015

³ Calculated from Moody's Municipal Financial Ratio Analysis database of 214 Aa rated public water-sewer utilities, Dec. 17, 2015

Combined Debt Outstanding Weighted Average Interest Rates*



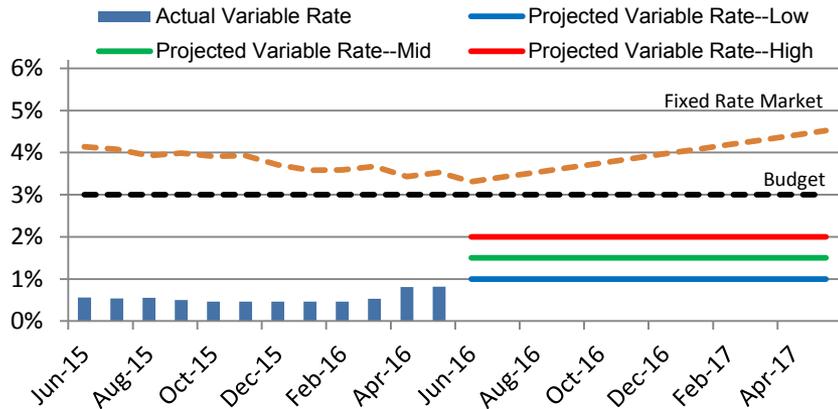
- Fiscal year end interest rates are net of BABs subsidy, original issue premiums / discounts and includes variable debt liquidity / remarketing fees and interest rate swap payments.
- - - - During FY2008 – FY2013 DES was funded with variable rate debt at an average of 1 percent.

Variable Rate Debt Risk Analysis

(\$ in millions)

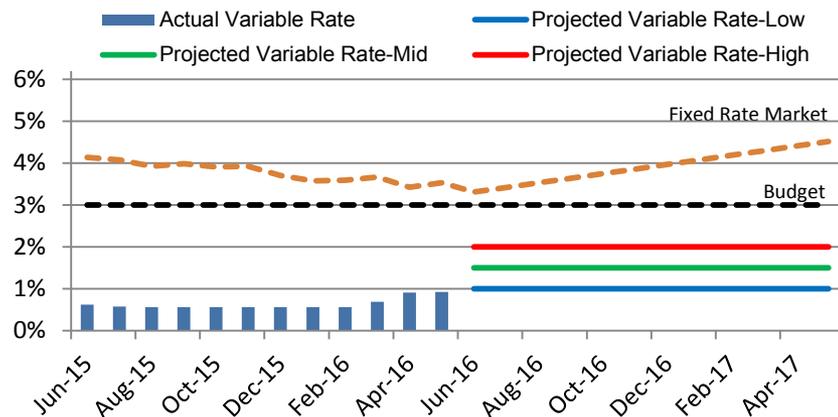
Electric System

Variable Interest Rates (including fees)



Water and Sewer

Variable Interest Rates (including fees)



Liquidity Facilities and Direct Purchase Bonds (DPBs)

Bank	Long-Term Ratings Moody's/S&P/Fitch	\$ (in millions)	%
Wells Fargo Bank N.A. (100% DPBs)	Aa2/AA-/AA	\$225	26
JP Morgan Chase Bank N.A.	Aa3/A+/AA-	199	23
Royal Bank of Canada	Aa3/AA-/AA	193	23
US Bank, N.A.	A1/AA-/AA	149	18
Sumitomo	A1/A/A	52	6
State Street Bank	Aa3/AA-/AA	31	4
Total		\$849	

Swap Providers

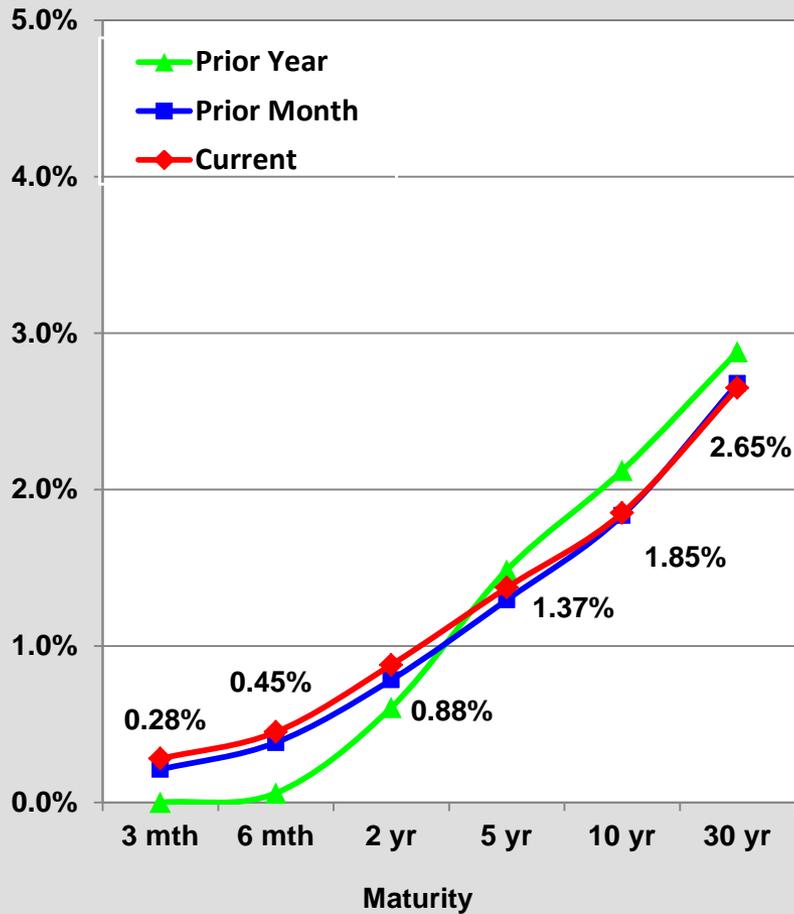
Bank	Long-Term Ratings Moody's/S&P/Fitch	\$ (in millions)	%
Morgan Stanley Capital Services	A3/BBB+/A	\$184	35
Goldman Sachs Mitsui Marine Derivative Products	Aa2/AA+ /NR	136	25
JP Morgan Chase Bank N.A.	Aa3/A+/AA-	127	24
Merrill Lynch	Baa1/BBB+/A	85	16
Total		\$532	

Items of Interest

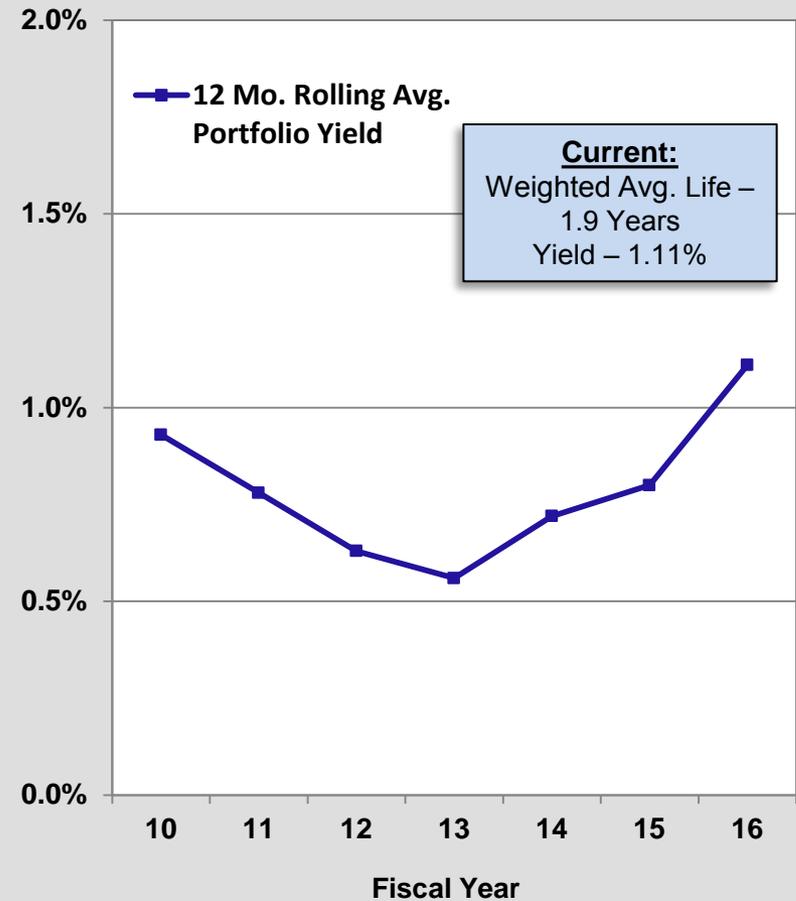
- Variable debt as a percentage of total debt:
 - Unhedged variable at 6% for Electric and 10% for Water and Sewer.
 - Hedged variable at 14% for Electric and 7% for Water and Sewer.
- Liquidity facilities / direct purchase bonds are with highly rated providers.
- No change in swap counterparty credit quality.
- Wells Fargo direct purchase bonds - three year renewal in Sep 2015.
- State Street liquidity facility renewed in Feb 2015 through March 2018.
- Variable rate reserve to mitigate risk of higher rates – \$62 million.

Total variable rate debt of \$890 with \$532 swapped to fixed rate

U. S. Treasury Yield Curve



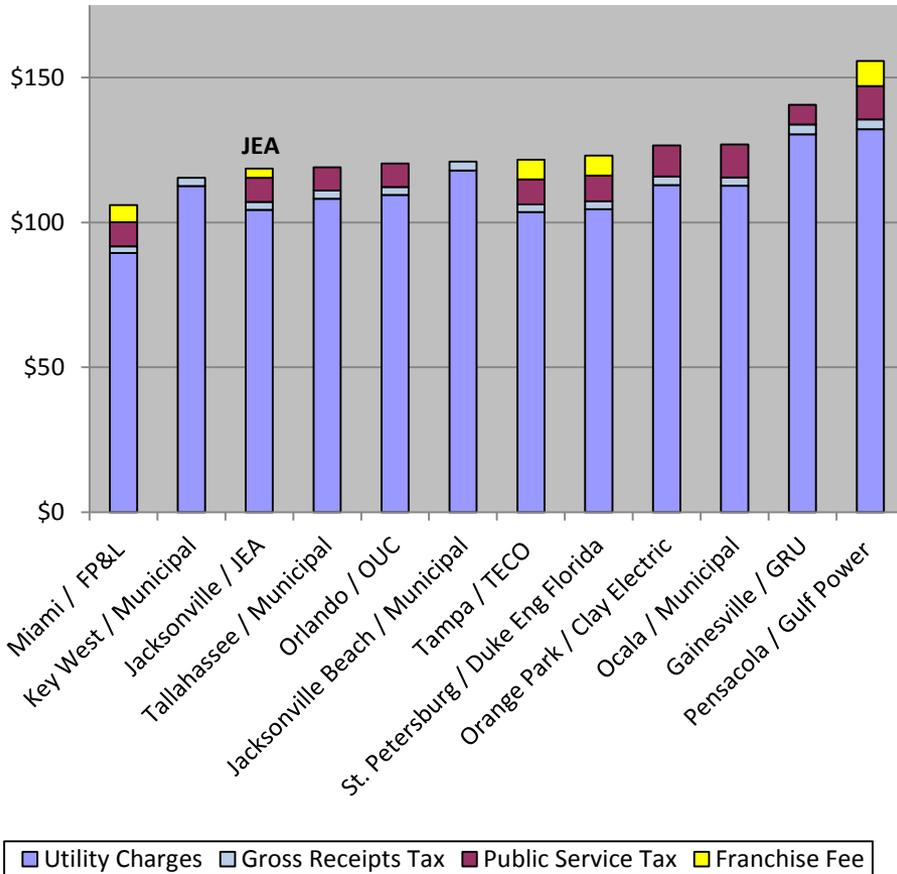
Investment Portfolio Yield



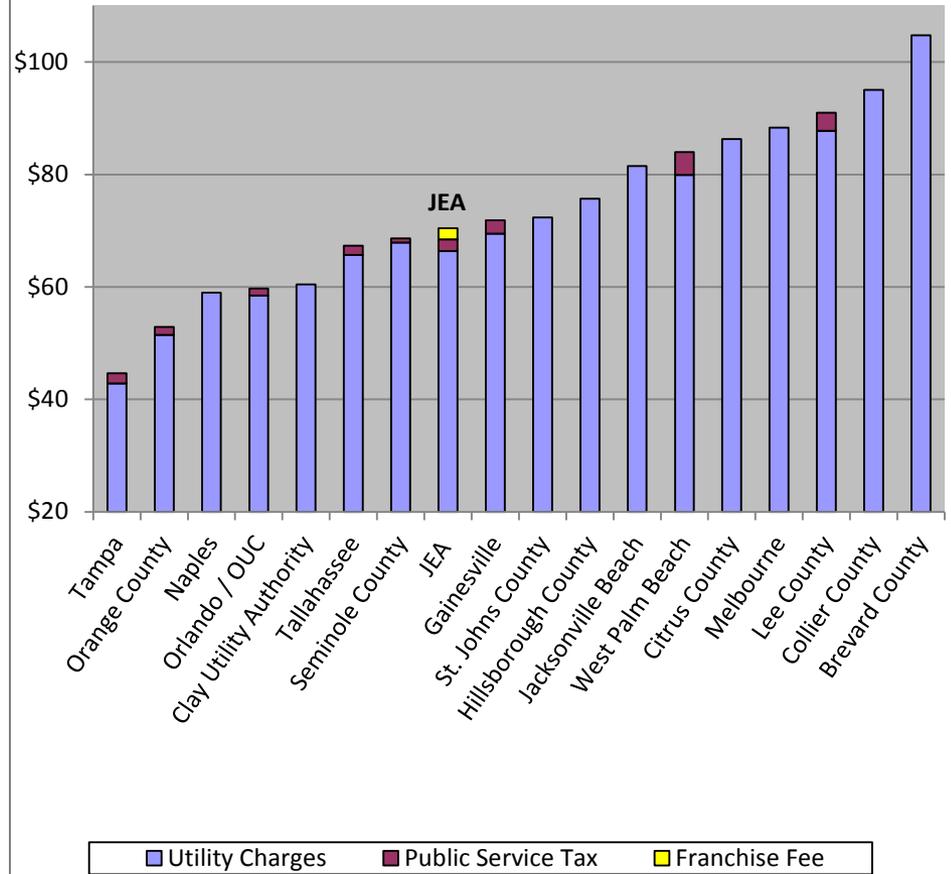


Florida Utilities Monthly Bill Comparison

Monthly Residential Electric Bills
Consumption @ 1,000 kWh



Monthly Residential Water Bills
5/8" meter and 6 kgals of Consumption



III. C. 1.

Draft Recommendation to Summarize Monthly Operational and Financial Reporting, Focusing on Variances, Changes in Trends and Emerging Issues



Monthly Operating and Financial Reporting Summary

AGENDA

III. C. 1.
6/21/2016

DRAFT

Recommendation to Summarize Monthly Operating
and Financial Reporting

Board of Directors
May 17, 2016

Water & Wastewater Monthly Operations Scorecard

Water & Wastewater	FY2015	FY2016 Goal/Budget	FY2016 YTD	Status
JEA Safety RIR	1.65	1.20	1.61	
Sales Forecast (kGals in 1000's)	34,558	35,000	34,463	
Water Main Outages (# cust.)	5,659	4,500	3,867	
CUP Compliance	Yes	Yes	Yes	
Nitrogen to the River (tons)	553	600	372	
Sanitary Sewer Overflows	23	30	26	

Significant Occurrences or Concerns This Month

- Water Main Outages increased by 431 primarily due to a pipe break occurring during construction at Ponce De Leon Water Treatment Plant
- Nitrogen to the River forecast is 563 tons
- \$14 million River Crossing Force Main project on schedule – provides critical risk mitigation when complete
- FY 16 Capital Program forecast is > \$150 million, expanding from \$100M in FY15 and \$77M in FY14

Electric Monthly Operations Scorecard

Electric System	FY2015	FY2016 Goal/Budget	FY2016 YTD	Status
JEA Safety RIR	1.65	1.20	1.61	
Sales (million MWh)	12.4	12.2	12.2	
T&D Grid Performance Customer Outage				
<i>Frequency (outages/year)</i>	1.7	1.8	1.7	
<i>Electric Outage Duration (minutes/year)</i>	99	80	85	
<i>Transmission Line Faults (# per 100 miles)</i>	1.7	3.0	1.6	
<i>CEMI₅ (% cust. > 5 outages/year)</i>	2.1	1.5	2.0	
Generating Plant Performance				
<i>Generation Fleet Reliability (forced outages rate)</i>	1.8	2.25	1.4	
<i>Environmental Compliance (permit exceedances)</i>	2	5	3	

Significant Occurrences or Concerns This Month

- The Brandy Branch maintenance outage resulted in discovery of a cracked rotor on both CTs which resulted in additional time and cost (approximately \$15M capital). Half of the combined cycle unit is back; the other half will return to service before summer load requirements.
- Widespread thunderstorms thus far this year has slightly degraded outage metrics. Excellent recovery work however, by JEA field crews.

FY16 Customer Satisfaction Goal

1st Quartile in Overall Customer Satisfaction

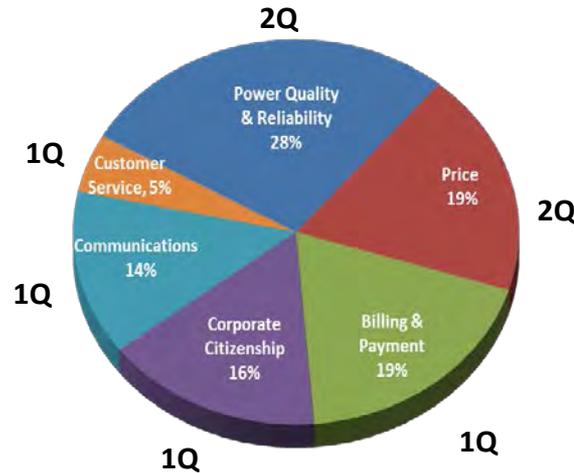
Residential ●

FY14		FY15		FY16 YTD*	
3Q	647	1Q	692	1Q	706

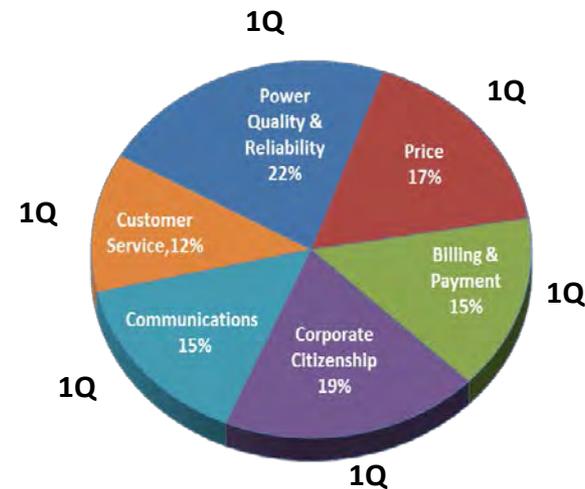
Business ●

FY14		FY15		FY16	
1Q	682	1Q	705	1Q	754

Residential



Business



“Highest Customer Satisfaction with Business Electric Service in the South among Midsized Utilities.”

Highlights

- Final J. D. Power Residential Survey results expected July 2016
- More than 5,000 new e-bill customers enrolled in April & May
- 80 plus JEA Volunteers served the community in May; YTD, nearly 500 volunteers and 175 Ambassador Activities
- Growth of JEA’s new outage communication tools continue to see positive growth and improved customer experience
- Electric Vehicle Charging Station Installation Goal (26) Exceeded – 29 stations installed YTD

Electric Systems Metrics Forecast

Debt Svc. Coverage	2.6x	
Days Liquidity	331	
Days Cash	209	
Debt/Asset %	66%	
Non-Fuel/MWh (2012: \$54.74)	\$52.78	

Water and Sewer Systems Metrics Forecast

Debt Svc. Coverage	2.8x	
Days Liquidity	276	
Days Cash	154	
Debt/Asset %	53%	
Water Cost/kgal (2012: \$4.57)	\$4.50	
Sewer Cost/kgal (2012: \$7.96)	\$7.77	

Significant Occurrences or Concerns This Month

- Additional expenses from Brandy Branch outage will challenge ability to achieve cost metrics this year
- Fuel fund ending balance expected to exceed target
- Net revenues projected to exceed budget by \$18M, allowing us to direct additional funds toward substantial capital program (debt repayment and/or capital fund)

III. C. 2.
Water Supply Plan

Water Supply Plan June 2016

Highlights

- \$3 Billion invested in W/WW since 1998
- Conservation and Reclaim are working
- Potable Sales: 43 Billion to 33 Billion
- Aquifer/Wellfield Management
- North Florida Water Initiative
- Alternative Water Supply Pilot

JEA System Description

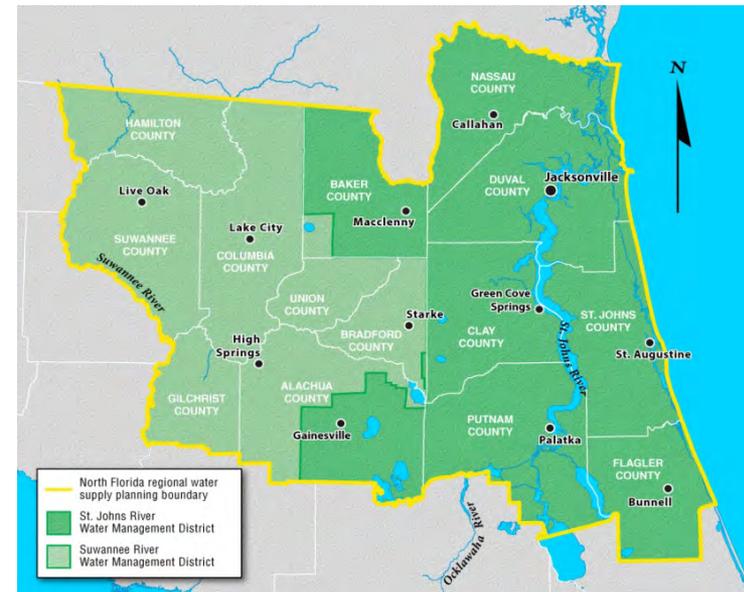
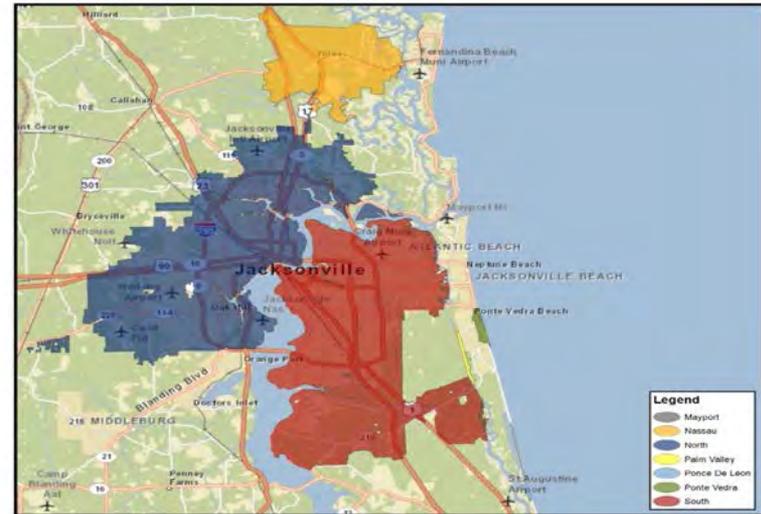
- Water System
- Reclaimed System
- Water Sales Trends

JEA/Local Water Supply Drivers

- Conservation
- Reclaimed Policy
- River Crossings -TWMP
- South Grid Wellfield Management

Regional/State Water Supply Drivers

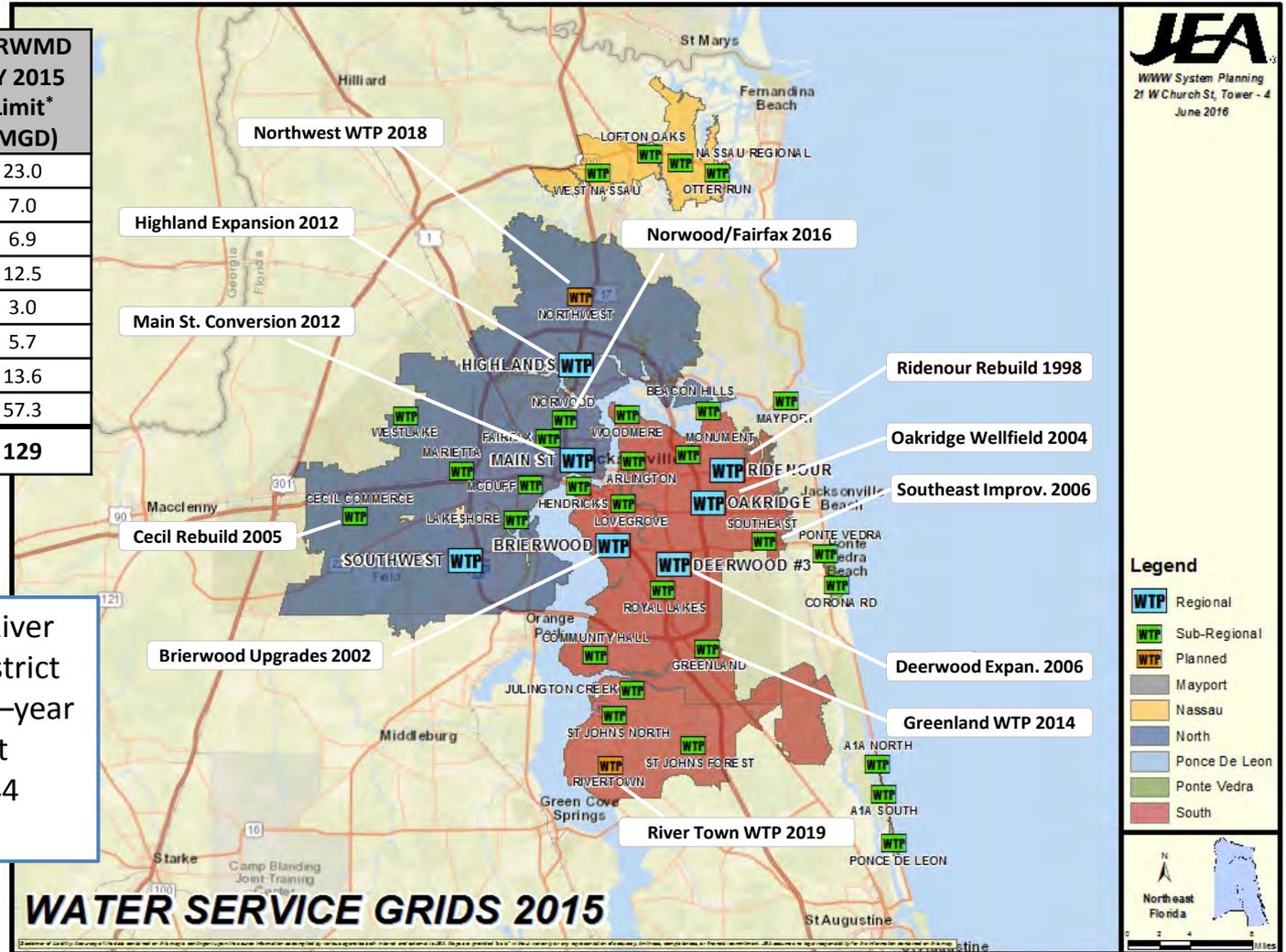
- Regional Water Supply Plan -NFWI
- Water Use and Projected Demands
- Aquifer Recharge Concept
- Alternative Water Pilot Study



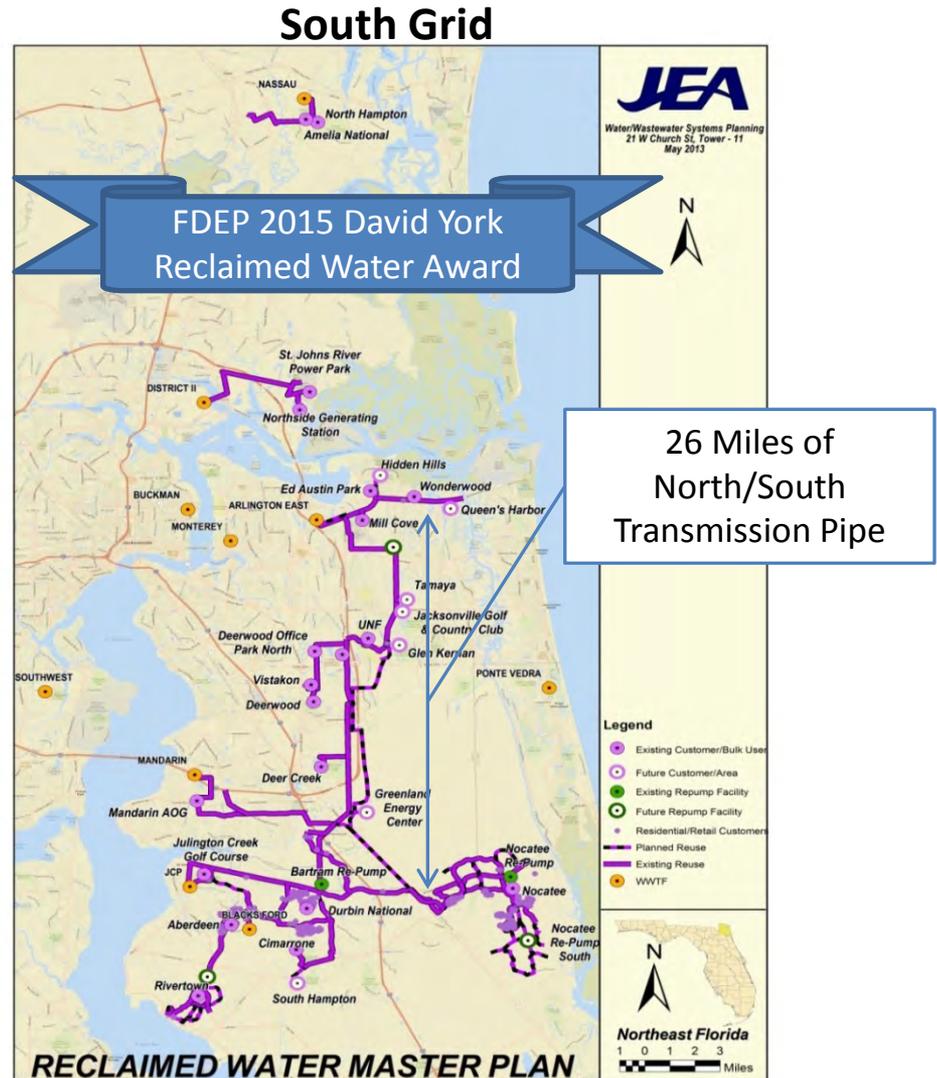
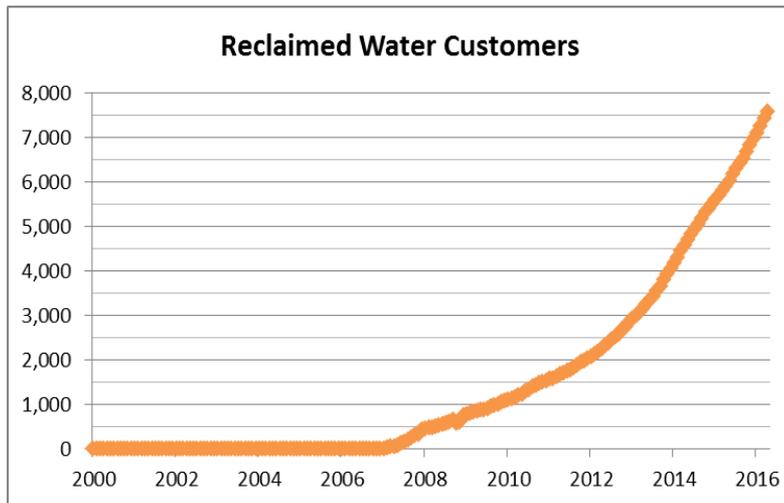
Regional Water Treatment Plant	CY 2015 Average Day Flow (MGD)	SJRWMD CY 2015 Limit* (MGD)
Main Street	13.5	23.0
Deerwood III	6.6	7.0
Ridenour	6.4	6.9
Southwest	9.7	12.5
Brierwood	2.9	3.0
Oakridge	5.2	5.7
Highlands	8.8	13.6
Other (29) Plants	53	57.3
Total	106	129

* Each Individual Plant on the South Grid has a Limit of 120% of the CUP Allocation, and 128% on the North Grid

Regulated by St. Johns River Water Management District (SJRWMD) through a 20-year Consumptive Use Permit issued May 2011, with 44 specific conditions.

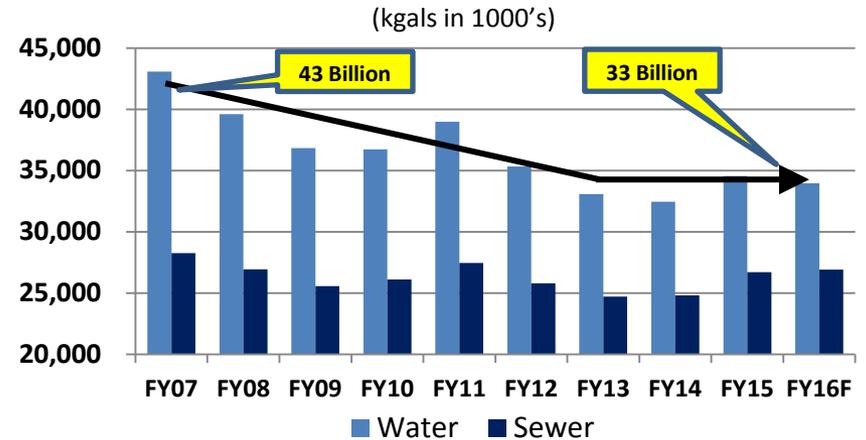


- Started in 2000
- Greater than \$100M investment
- Over 225 miles of pipe
- Over 7,000 customers
- Conservation Rates
- FY15 annual flow of 13.5 MGD

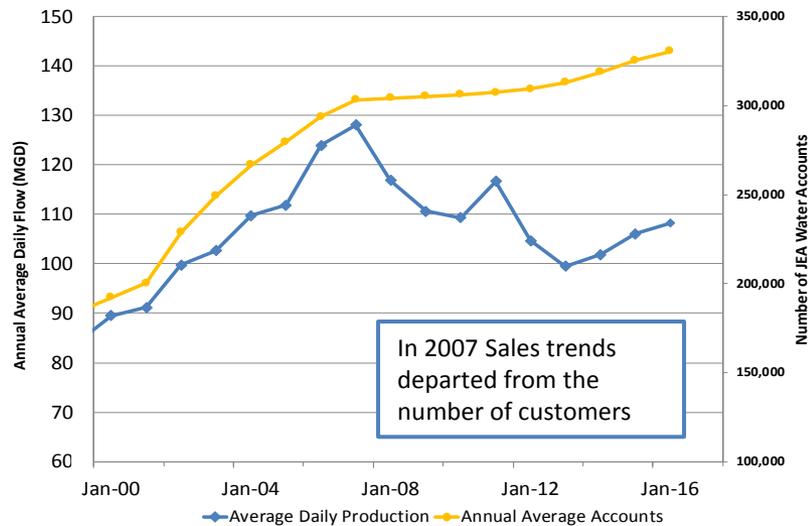


- Sales of water have decreased from 2007 and stabilized in 2013
- Reclaimed water sales continue to grow
- Customer numbers continue to grow

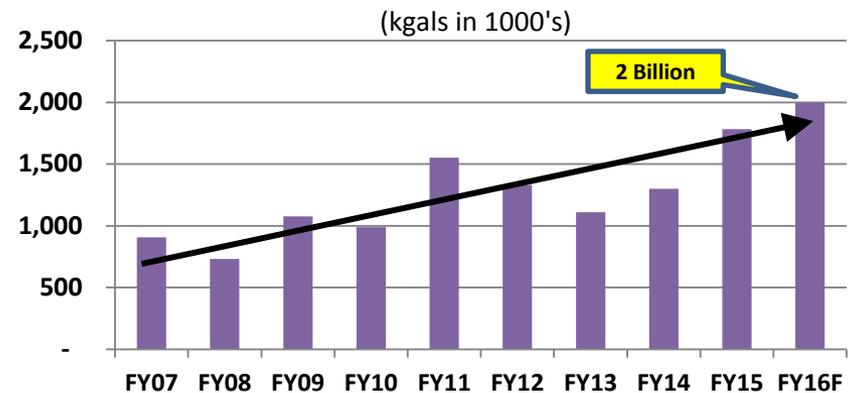
Potable Water Sales



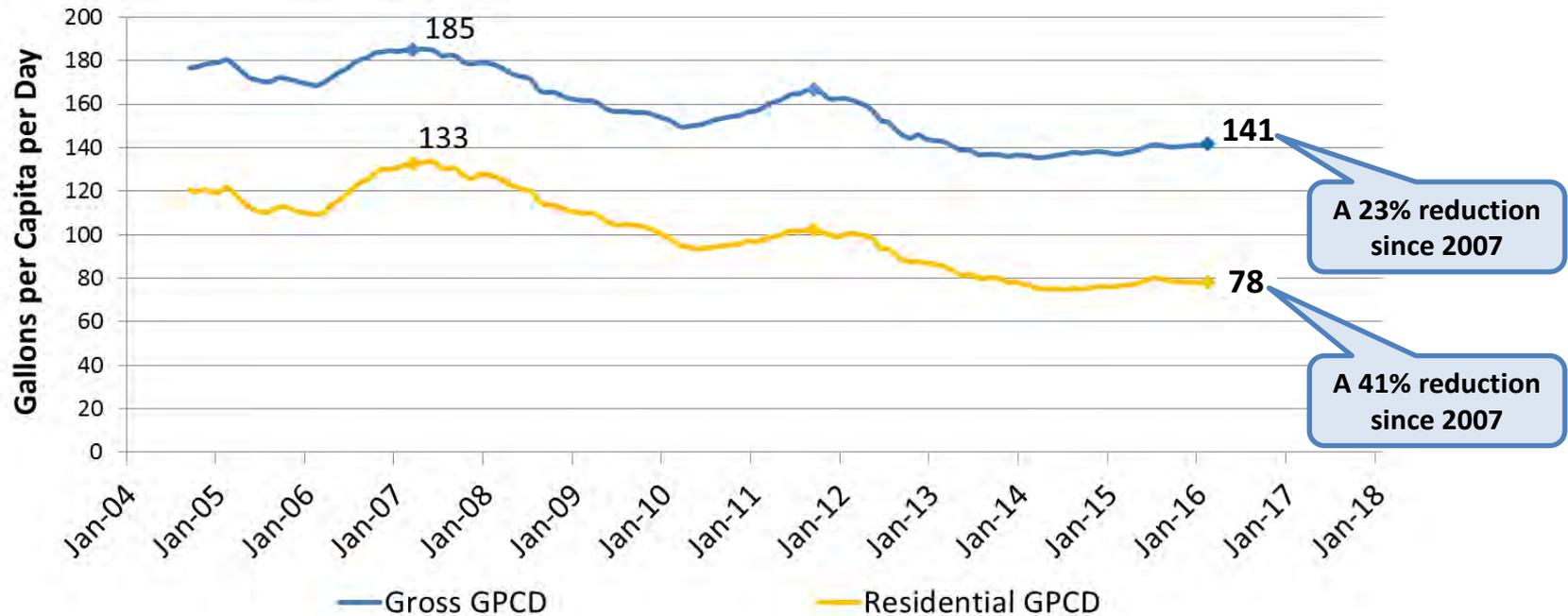
JEA Water Accounts and Production



Reclaimed Water Sales

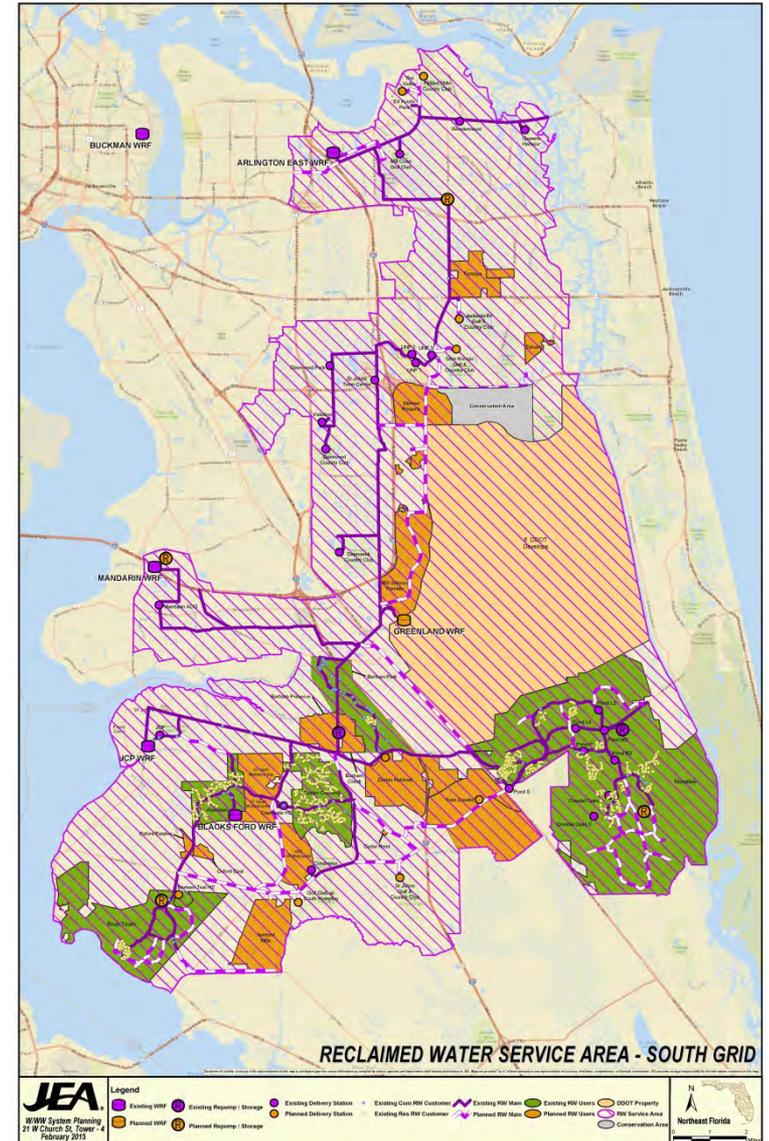


JEA/Local Water Supply Drivers



- Drivers: Reclaimed Water Usage, Tiered Water Rate Structure, Public Messaging and Economy
- From FY 07 to FY 15: JEA customers saved approximately 30 million gallons per day or 10 billion gallons of Potable Water each year

- ❑ Existing City Reclaimed Water Ordinance only pertains to customers within City of Jacksonville, and has limitations regarding the requirement of reclaimed service installations in new developments
- ❑ Require new potable water connections within the Reclaimed Water Service Area to install reclaimed water pipe for irrigation at sites where JEA expects reclaimed service will become available
- ❑ Additional Reclaimed Water Service Areas, such as in District II, Southwest WWTP areas and Nassau County will be available, in addition to the South Grid areas displayed
- ❑ Unique character of JEA service area
 - Large reclaimed system built since 2000
 - Built-out areas such as Buckman and Southwest are being considered for water purification

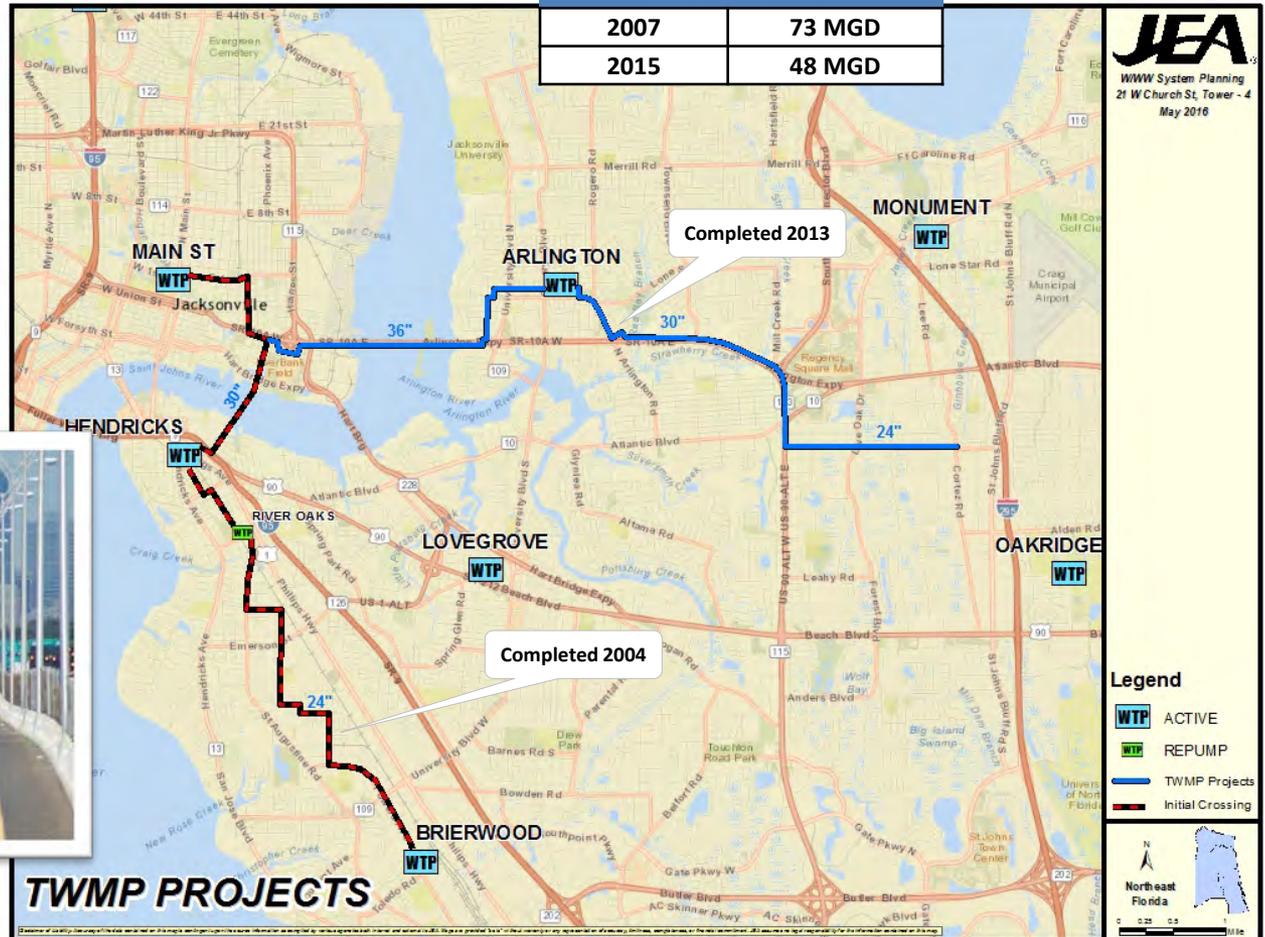


JEA/Local Water Supply Drivers

River Crossing (TWMP)

Total Water Management Plan (TWMP) included two river crossings with 30" and 36" pipes in 2001 and 2013. Over \$100 million investment to convey 20MGD of raw water for long term wellfield sustainability.

South Grid Wells	
2007	73 MGD
2015	48 MGD



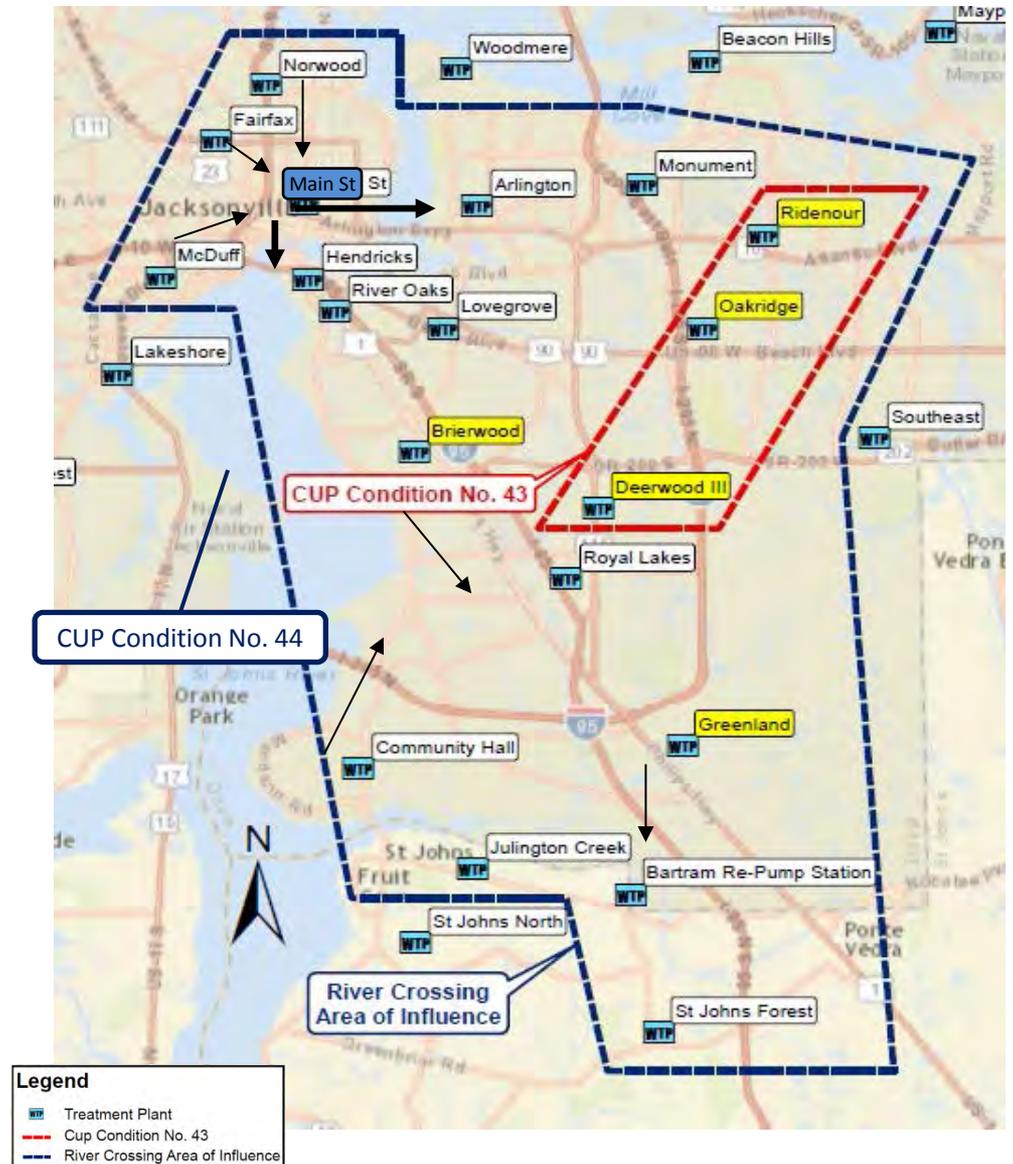
Extensive wellfield management program in South Grid to protect against saltwater intrusion. Techniques include well rehabilitation, back-plugging and distributed pumping.

CUP Condition 43:

Focuses on 3 Water Treatment Plants and 21 wells where JEA submits water quality data assessing the status and potential for saltwater intrusion.

CUP Condition 44:

South Grid Allocation capped at 52MGD. The river crossing area of influence encompasses 14 Water Treatment Plants and 83 of JEA's 138 wells.



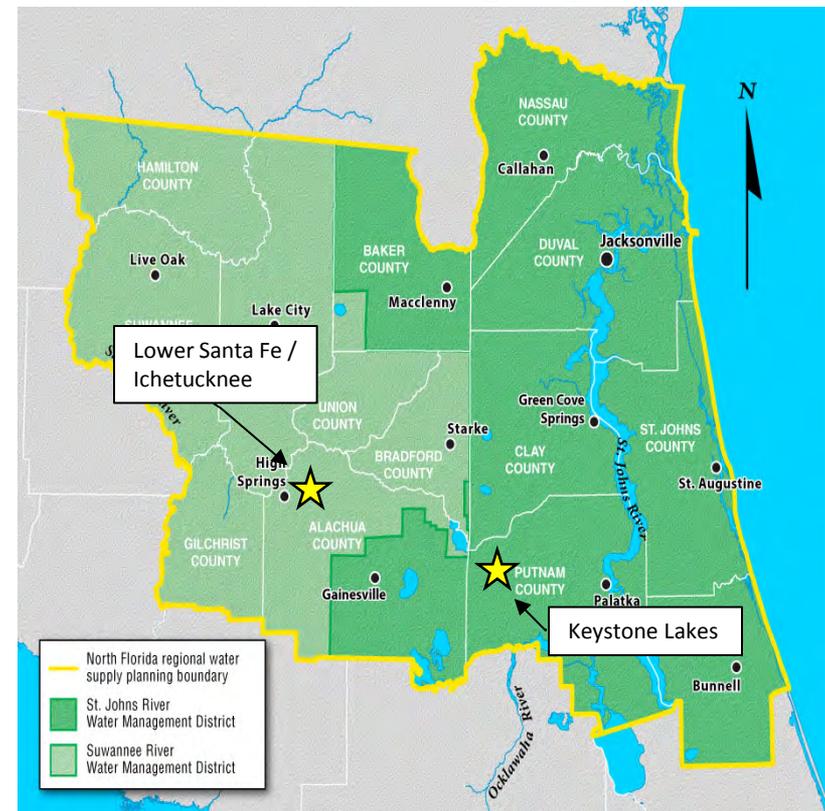
Regional/State Water Supply Drivers

North Florida Water Initiative (NFWI)

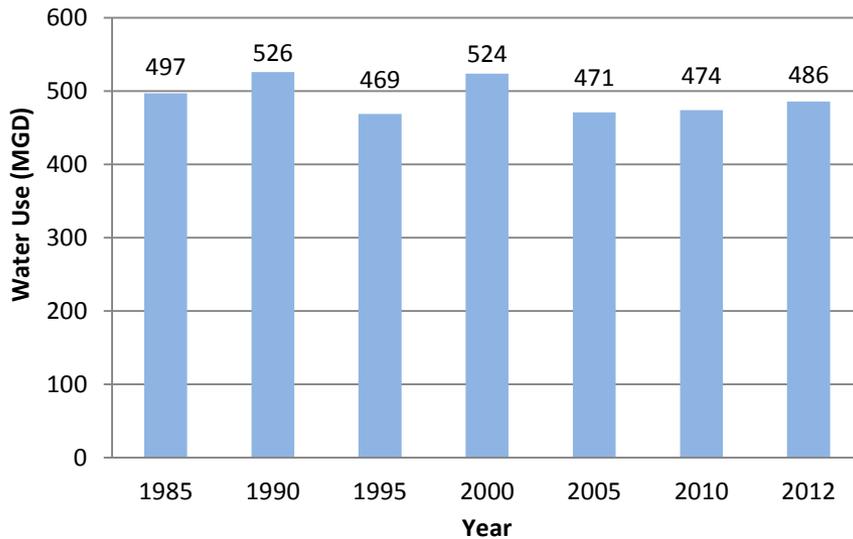
Joint water supply plan being developed by St. Johns River and Suwannee River Water Management Districts

- Looks at 20 year growth planning period (to 2035)
- Determines if future regional water demands can be met with existing sources of water while protecting spring and lakes (MFLs – minimum flows/levels) ★
- Will rely on new regional groundwater model currently under review by stakeholders

NFWI Planning Region



**NFWI Region
Historical Total Groundwater Use**



NFWI Projected Water Demands

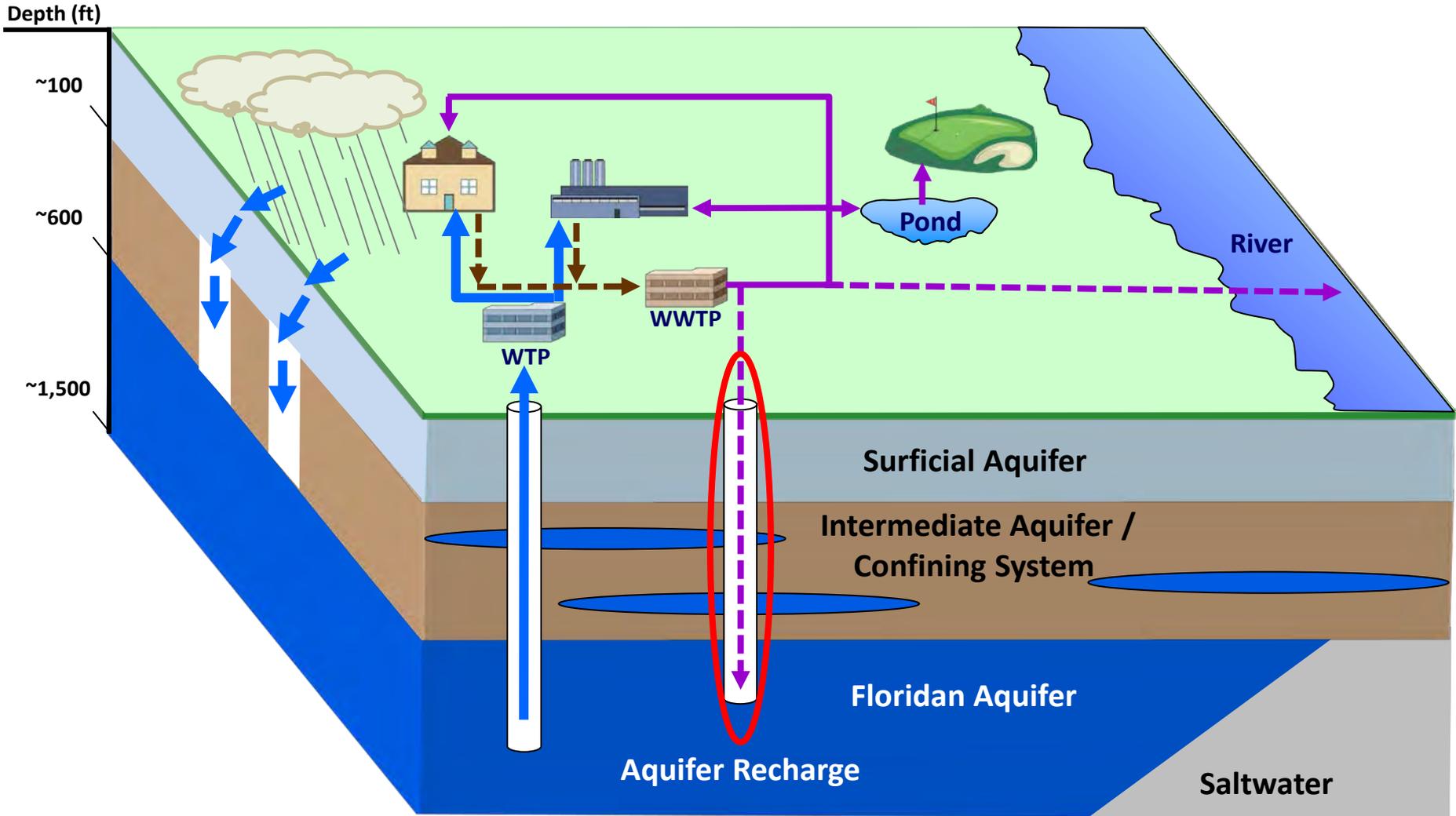
Category	2010 (MGD)	2035 (MGD)	Growth (MGD)	Growth %
Public Supply (Utilities)	198	257	58	29%
Agriculture	135	154	19	14
Commercial / Industrial	121	146	24	20
Self-Supply & Small Utilities	49	61	12	24
Power Generation	25	34	8.5	33
Landscape / Recreation	22	31	9.5	44
Total	551	682	131	24%

Projections by Water Management Districts and Dept of Agriculture and Consumer Services

- Historical: Total groundwater usage in the region has remained relatively flat
- Future Projections: The NFWI projects a 24% overall growth in water demands in the region over the next 20-year period

Regional/State Water Supply Drivers

Aquifer Recharge Concept



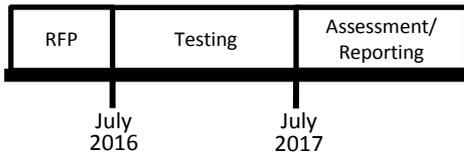
Phase I R & D

\$2 million

JEA 100%

Concurrent Testing
@ Buckman & Southwest

- A** Reverse Osmosis (RO)
- B** Biologically Active Carbon Ozone (Bac – Ozone)



- Side by side technical evaluation
- Concentrate/Permeate evaluation
- Aquifer Recharge evaluation
- Public education/messaging
- Utility and District Collaboration

Phase II Pilot

\$15 million

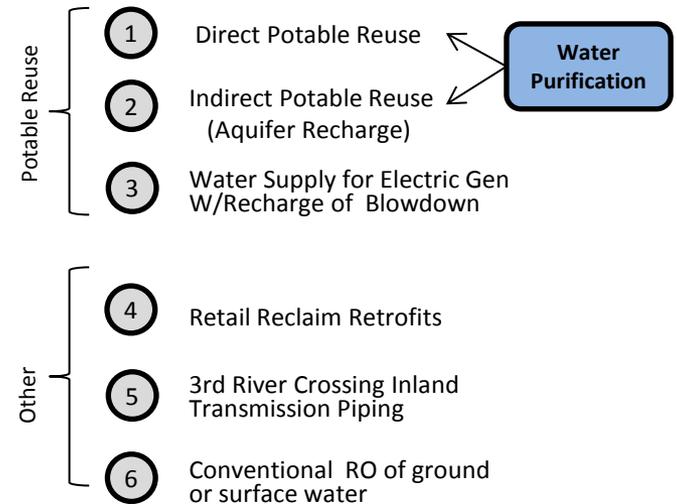
Funding: 50% / 50%

1 MGD Brick and Mortar Facility and Process Assessment. A facility to be constructed at Buckman or Southwest WWTP

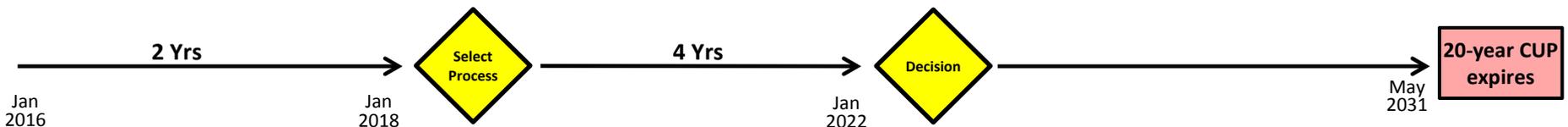
Phase III Commercial

\$100's millions

Funding: 75% / 25%



Commercial scale facility would take four to five years to engineer and construct



We are committed to a sustainable water supply that is based on sound science.



Opportunities to use reclaimed water west of the river for recharge may have regional benefit. JEA will be seeking cost share from Water Management District and from State if feasible.

III. C. 3.

Resolution Supporting the City of Jacksonville Referendum and Pension
Plan Solution



Building Community

AGENDA ITEM SUMMARY

June 14, 2016

SUBJECT:	A RESOLUTION SUPPORTING THE CITY OF JACKSONVILLE REFERENDUM AND PENSION PLAN SOLUTION (RESOLUTION 2016-13)
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Purpose:	<input type="checkbox"/> Information Only	<input type="checkbox"/> Action Required	<input checked="" type="checkbox"/> Advice/Direction
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Issue: A resolution for Board consideration supporting the City of Jacksonville referendum and pension plan solution.

Significance: Jacksonville's three public pension funds are substantially underfunded with combined unfunded liabilities of \$2.6 billion. The General Employees Pension Fund, of which JEA is a participant, is at a 60% funded level with an unfunded liability of approximately \$910 million.

Effect: A half-cent sales tax, if approved by voter referendum on August 30, 2016, would be dedicated to the unfunded pension liabilities of all three public pension funds beginning in 2030. Several other conditions precedent are required for the funds to be utilized.

Cost or Benefit: Passage of the referendum would provide an important step to develop a dedicated funding source for the unfunded pension liabilities which does not raise taxes, keeps the sales tax at 7% and does not raise the current ad valorem rate.

Recommended Board action: That the Board consider adoption of Resolution 2016-13 in support of the Mayor and City Council in the August 30, 2016 referendum and pension plan solution.

For additional information, contact: Michael Hightower

Submitted by: PEM/MRH/JAP

MISSION 	VISION 	VALUES 
<p>Energizing our community through high-value energy and water solutions.</p>	<p>JEA is a premier service provider, valued asset and vital partner in advancing our community.</p>	<ul style="list-style-type: none"> • Safety • Service • Growth? • Accountability • Integrity

Commitments to Action

- 1 Earn Customer Loyalty**
- 2 Deliver Business Excellence**
- 3 Develop an Unbeatable Team**



INTER-OFFICE MEMORANDUM

June 14, 2016

SUBJECT: A RESOLUTION SUPPORTING THE CITY OF JACKSONVILLE
REFERENDUM AND PENSION PLAN SOLUTION (RESOLUTION 2016-13)

FROM: Paul E. McElroy, Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

Jacksonville's three public pension funds are substantially underfunded with combined unfunded liabilities of \$2.6 billion. The General Employees Pension Fund, of which JEA is a participant, is at a 60% funded level with an unfunded liability of approximately \$910 million.

DISCUSSION:

A voter referendum will be held on August 30, 2016 asking Jacksonville citizens to approve a dedicated funding source to address the unfunded liabilities of all three public pension plans. This solution does not raise taxes, keeps the sales tax at 7% and does not raise the current ad valorem rate. The proposed solution requires that current pension plans be closed to new employees. Current employees in the existing plans will be required to contribute a minimum of 10% of their salaries in order for the existing plans to receive proceeds under the proposed solution. These conditions precedent are subject to collective bargaining.

RECOMMENDATION:

That the Board consider adoption of Resolution 2016-13 in support of the Mayor and City Council in the August 30, 2016 referendum and pension plan solution.

Paul E. McElroy, Managing Director/CEO

PEM/MRH/JAP

Resolution 2016-13

A RESOLUTION SUPPORTING THE CITY OF JACKSONVILLE REFERENDUM AND PENSION PLAN SOLUTION

Whereas, the City of Jacksonville’s three public pension plans are substantially underfunded. The Police and Fire Pension Fund is currently at a 46% funded level with an unfunded liability of over \$1.6 billion. The General Employees Pension Fund is at a 60% funded level with an unfunded liability of approximately \$910 million. The Correction Officers Pension Fund is at a 48% funded level with an unfunded liability of over \$120 million. The total of the unfunded liabilities of the City’s three public pension plans is more than \$2.6 billion; and

Whereas, multiple studies and task forces have recommended a dedicated funding source as the best solution to the unfunded liabilities within the City’s three public pension plans; and

Whereas, the City has chosen to seek a solution that does not raise taxes, keeps the sales tax at 7% and does not raise the current ad valorem rate; and

Whereas, the City’s solution will require that the current pension plans be closed to new employees and current employees will be required to contribute a minimum of 10% of their salary in order for the three existing plans to receive proceeds under this pension plan solution; and

Whereas, the half-cent sales tax voter referendum will be held on August 30, 2016 (“Referendum”); and

Whereas, the Governing Board of the JEA wishes to support the Mayor and City Council in this Referendum and pension plan solution.

BE IT RESOLVED by the JEA Board of Directors that:

The JEA Board of Directors hereby supports the Mayor and City Council in the Referendum and planned pension plan solution and stands with the City and our entire community to encourage the citizens of Jacksonville to vote yes to approve the Referendum and pension plan solution as proposed by the City.

Dated this ____ day of June 2016.

JEA

By: _____
Tom Petway, Chair

Attest:

Delores Kesler, Secretary

Approved as to form:

Jody Brooks, Office of General Counsel