

AMENDMENT NO. 3 OF THE AMENDED AND RESTATED  
TRUST AGREEMENT ESTABLISHING THE RETIREMENT PLAN OF THE  
CONTRA COSTA WATER DISTRICT

On December 19, 2012, Contra Costa Water District, Wells Fargo Bank as Corporate Trustee, and Brice J. Bledsoe as Plan Administrator, agreed that the Amended and Restated Trust Agreement of the parties establishing the retirement plan of Contra Costa Water District, dated July 10, 2011, is hereby amended effective forthwith as follows:

Under Article XIX "Amendment of Plan", the Board of Directors (the "Board") of the Contra Costa Water District (the "District") hereby amends the Trust Agreement establishing the Retirement Plan of the Contra Costa Water District, as amended and restated effective July 1, 2011 (the "Trust Agreement"), as follows:

Effective January 1, 2013, the Trust Agreement is amended by adding a new Appendix K thereto to read in its entirety as follows:

**APPENDIX K**

**Section 1. Application and Interpretation**

Effective January 1, 2013, this Appendix K takes precedence over any conflicting provision of the Plan. To the extent unchanged by this Appendix, the remaining provisions of the Plan remain in full force and effect. The provisions of this Appendix will be interpreted and administered in accordance with the applicable requirements of the California Public Employees' Pension Reform Act of 2013, which are codified in Article 4, Chapter 21 of Division 7 of Title 1 of the California Government Code, as amended from time to time ("PEPRA").

**Section 2. Provisions Applicable to All Participants**

This Section 2 applies to every Participant, regardless of when his or her participation in the Plan begins.

**(a) No Retroactive Benefit Enhancements**

Any enhancement to a Participant's retirement income that is adopted on or after January 1, 2013, or that results from a change to the Participant's classification or employment on or after that date, will apply only to years of Service performed on or after the operative date (as defined in section 7522.44 of the California Government Code) of the enhancement, and will not be applied to any years of Service performed prior to the operative date of the enhancement. For purposes of this Section 2(a), an increase to a retired Participant's annual cost-of-living adjustment within statutory limits will not be considered an enhancement to the Participant's retirement income.

**(b) Purchases of Nonqualified Service Credit Prohibited**

The purchase of nonqualified service credit, as defined by section 415(n)(3)(C) of the Internal Revenue Code, is not permitted.

**(c) Reinstatement of Retired Participants**

Except as provided under Section 2(d), if a retired Participant who is receiving retirement income is employed by, or provides services to, the District, he or she will be subject to

reinstatement. For this purpose, "reinstatement" means that payment of the Participant's retirement income will cease, and the Participant will resume membership in the Plan in accordance with Article III of this Trust Agreement.

**(d) Reinstatement of Retired Participants**

A retired Participant will not be subject to reinstatement under Section 2(c) if all of the following conditions are satisfied:

(1) The Board appoints the Participant either during an emergency to prevent stoppage of public business or because he or she has skills needed to perform work of a limited duration.

(2) The appointment does not exceed a total of 960 hours in a Plan Year.

(3) The rate of pay for the appointment is neither less than the minimum nor more than the maximum paid by the District to other Employees performing comparable duties, divided by 173.333 to equal an hourly rate.

(4) The Participant does not earn any benefit under the Plan during the appointment.

(5) Upon accepting the appointment, the Participant certifies in writing that he or she did not, during the 12 months preceding the appointment, receive any unemployment-insurance compensation arising out of the Participant's prior employment with the District. If the Participant accepts the appointment after receiving that type of compensation, the District must terminate the Participant's employment or service on the last day of the current pay period; and, this Section 2(d) will not apply to the Participant for 12 months after the termination date.

(6) The appointment may not begin during the 180-day period after the Participant's retirement under the Plan, unless (A) the District certifies the nature of the employment or service and that the appointment is necessary to fill a critically needed position before 180 days has passed, (B) the Board approves the appointment at a public meeting (the appointment may not be placed on a consent calendar), and (C) the Participant did not receive a retirement incentive at retirement.

**(e) Felony Convictions**

If a Participant who is subject to sections 7522.70, 7522.72 or 7522.74 of the California Government Code is convicted of a felony described in the applicable section or sections, he or she will forfeit his or her accrued rights and benefits, and will not accrue further benefits, in the Plan to the extent provided in the applicable section or sections. This subsection will be interpreted and administered in accordance with the requirements of Sections 7522.70, 7522.72 and 7522.74 of the California Government Code, including, but not limited to, any applicable rules governing return of Participant contributions, notice, and reversal of conviction, which requirements are herein incorporated by this reference.

**(f) Retired Participants Appointed to a State Board or Commission**

If a retired Participant who is receiving retirement income is first appointed on or after January 1, 2013, to a nonsalaried or part-time (as defined in section 7522.57(b) of the California Government Code), salaried position on a state board or commission, his or her retirement income will not be suspended. However, if a retired Participant who is receiving retirement income is first appointed on or after January 1, 2013, to a full-time, salaried position on a state board or commission, he or she must immediately notify the Administrator of the appointment. Upon receipt of the notice, the Administrator will, in accordance with section 7522.57(d) of the California Government Code, suspend payment of the Participant's retirement income. In addition, the Administrator may take any action necessary, including but not limited to offsetting future retirement income payments, to recoup any payments, plus interest at the rate determined by the Administrator, that were required to be suspended under Section 7522.57(d) of the California Government Code. Any retirement income that the Participant was entitled to receive at the time of the appointment will be reinstated upon notice from the Participant that he or she has retired for service from the appointment.

**Section 3. Provisions Applicable to Post-2012 Participants**

This Section 3 applies only to persons who first become Participants on or after January 1, 2013, and who were either (a) not a member of any other public retirement system (as defined in section 7522.04 of the California Government Code) prior to that date, or (b) a member of another public retirement system prior to that date, but not subject to reciprocity under Article XXIII with that retirement system.

**(a) Definition of Basic Compensation**

"Basic Compensation" means the normal monthly rate of pay or base pay, as determined by the Administrator, of the Participant paid by the District in cash to similarly situated Employees of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules. Deferred amounts will be included in Compensation when earned rather than when paid. The following amounts are excluded from Compensation:

- (1) Any amount that the Administrator determines has been paid to increase the Participant's retirement income.
- (2) Any amount that is (1) paid in kind to the Participant, or was paid directly to a third-party (other than the Plan) for the Participant's benefit, and (b) subsequently converted to and received by the Participant in cash.
- (3) Any one-time or ad hoc payments to the Participant.
- (4) Severance or any other payment that is granted or awarded to the Participant in connection with, or in anticipation of, a separation from employment, but is received by the Participant while employed.
- (5) Any payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated.

(6) Any payments for additional services rendered outside of normal working hours.

(7) Any employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.

(8) Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code.

(9) District contributions to deferred compensation or defined contribution plans.

(10) Any bonus paid in addition to the amounts described in Section 3(a) of this Amendment.

(11) Any other form of compensation that the Administrator determines is inconsistent with the requirements of Section 3(a) of this Amendment.

(12) Any other form of compensation that the Administrator determines should not be included in Compensation.

(13) For each calendar year, any amount in excess of \$113,700, the contribution and benefit base specified in section 430(b) of Title 42 of the United States Code on January 1, 2013. The Administrator will adjust the annual compensation limit described in this paragraph following each actuarial valuation of the Plan based on changes to the Consumer Price Index for All Urban Consumers. The adjustment shall be effective annually on the January 1 following the annual valuation in accordance with section 7522.10(d) of the California Government Code.

**(b) Participant Contributions**

(1) Each Participant must contribute at least 50% of the normal cost, as determined by the Administrator, of the Plan based on the annual Actuarial Report. The initial contribution rate will equal at least the greater of (A) 50% of the normal cost rate of the Plan, rounded to the nearest quarter of 1%, or (B) the current contribution rate of similarly situated Employees. The District may not pay any portion of this contribution for any Participant.

(2) Once established, the Participant contribution rate will be adjusted to reflect a change in the normal cost rate, but only if the normal cost rate increases by more than 1% of payroll above or below the normal cost rate in effect on the later of: (A) the date the Participant contribution rate is first established, or (B) the date of the last adjustment to the Participant contribution rate under this paragraph. For purposes of this paragraph, the term "normal cost rate" means the annual actuarially determined normal cost for the Plan expressed as a percentage of payroll.

The Participant contribution rate may be more than 50% of the normal cost rate if the requirements of section 7522.30(e) of the California Government Code are satisfied.

(3) To the extent the preceding provisions of this Section 3(b) would impair the terms of any contract or memorandum of understanding (MOU) in effect on January 1, 2013, between the District and its Employees, those provisions will not apply to the Employees covered by that contract or MOU until the earlier of (A) the contract's or MOU's expiration, or (B) the renewal, amendment, or other extension of the contract or MOU.

**(c) Service Retirement Allowance**

(1) Each Participant who has (1) completed at least five years of Service, (2) reached age 52, (3) terminated service as an Employee, and (4) completed and submitted an application for benefits, at the time and manner determined by the Administrator, may retire from service and receive a retirement income.

(2) The retirement payable to a Participant upon meeting the requirements in Section 3(c)(1) will equal the percentage of the Participant's final compensation, as determined in accordance with the following schedule based on the Participant's age at retirement, taken to the preceding quarter year, multiplied by the Participant's years of Service as defined in Article II, Section 26(c) of the Trust Agreement.

(3) For purposes of determining a Participant's retirement income, "final compensation" means the average annual Basic Compensation earned by the Participant during the 36 consecutive month period that produces the highest average.

<u>Age at Retirement</u>	<u>Percentage</u>	<u>Age at Retirement</u>	<u>Percentage</u>	<u>Age at Retirement</u>	<u>Percentage</u>
52	1.000%	57	1.500%	62	2.000%
52¼	1.025%	57¼	1.525%	62¼	2.025%
52½	1.050%	57½	1.550%	62½	2.050%
52¾	1.075%	57¾	1.575%	62¾	2.075%
53	1.100%	58	1.600%	63	2.100%
53¼	1.125%	58¼	1.625%	63¼	2.125%
53½	1.150%	58½	1.650%	63½	2.150%
53¾	1.175%	58¾	1.675%	63¾	2.175%
54	1.200%	59	1.700%	64	2.200%
54¼	1.225%	59¼	1.725%	64¼	2.225%
54½	1.250%	59½	1.750%	64½	2.250%
54¾	1.275%	59¾	1.775%	64¾	2.275%
55	1.300%	60	1.800%	65	2.300%
55¼	1.325%	60¼	1.825%	65¼	2.325%
55½	1.350%	60½	1.850%	65½	2.350%
55¾	1.375%	60¾	1.875%	65¾	2.375%
56	1.400%	61	1.900%	66	2.400%
56¼	1.425%	61¼	1.925%	66¼	2.425%
56½	1.450%	61½	1.950%	66½	2.450%
56¾	1.475%	61¾	1.975%	66¾	2.475%
				67	2.500%

**Section 4. Funding**

**(a) Minimum Required**

In any Plan Year, the District's contribution to the Plan, in combination with Participant contributions to the Plan, may not be less than the normal cost rate, as defined in Section 3(b)(2).

**(b) Contribution Suspension**

The Administrator may suspend contributions only when all of the following occur:

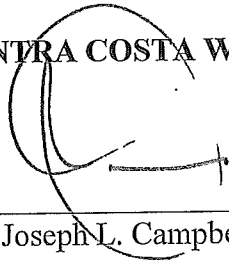
(1) The Plan is funded by more than 120%, based on the computation by the Plan's actuary in accordance with the Governmental Accounting Standards Board requirements that is included in the annual valuation.

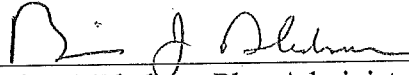
(2) The Plan's actuary determines, based on the annual valuation, that continuing to accrue excess earnings could result in disqualification of the Plan's tax-exempt status under the Internal Revenue Code.

(3) The Administrator determines that the receipt of any additional contributions required by this subsection would conflict with its fiduciary responsibility set forth in Section 17 of Article XVI of the California Constitution.


IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 3 on the date first above written. In the case of the corporate parties, execution was by their respective officers thereto duly authorized.

**CONTRA COSTA WATER DISTRICT**

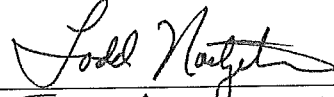
By:  \_\_\_\_\_  
Joseph L. Campbell, President

By:  \_\_\_\_\_  
Brice J. Bledsoe, Plan Administrator

**ATTEST:**

  
\_\_\_\_\_  
Mary A. Neher  
District Secretary

**WELLS FARGO BANK  
as Corporate Trustee**

By:  \_\_\_\_\_  
TODD NOETZELMAN  
VICE PRESIDENT