

RESOLUTION ADOPTING AMENDMENT TO
Marina Coast Water District
DEFERRED COMPENSATION PLAN

WHEREAS, the Marina Coast Water District
(hereinafter "Employer") heretofore established the The Hartford 457 Deferred Compensation
Plan (hereinafter "Plan"); and

WHEREAS, the Employer desires to amend the Plan to allow the Plan to make loans to Plan Participants.

NOW THEREFORE, BE IT RESOLVED, that, effective October, 21, 2009,
the Employer hereby amends the Plan by adding a new Section 5.13 as follows:

"5.13 Loans.

- (a) **Loans.** A Participant who is an Employee may apply for and receive a loan from his or her Account Balance as provided in this Section 5.13. Any such loan may not be for an amount less than the minimum amount specified by the Administrator. If not specified by the Administrator, the minimum loan amount shall be \$ 1,000.
- (b) **Maximum Loan Amount.** No loan to a Participant hereunder may exceed the lesser of:
- (i) \$ 50,000, reduced by the greater of (A) the outstanding balance on any loan from the Plan to the Participant on the date the loan is made or (B) the highest outstanding balance on loans from the Plan to the Participant during the one-year period ending on the day before the date the loan is approved by the Administrator (not taking into account any payments made during such one-year period), or
 - (ii) one half of the value of the Participant's vested Account Balance (as of the Valuation Date immediately preceding the date on which such loan is approved by the Administrator).

For purposes of this Section 5.13(b), any loan from any other plan maintained by a participating employer shall be treated as if it were a loan made from the Plan, and the Participant's vested interest under any such other plan shall be considered a vested interest under this Plan; provided, however, that the provisions of this paragraph shall not be applied so as to allow the amount of a loan under this Section 5.13(b) to exceed the amount that would otherwise be permitted in the absence of this paragraph.

- (c) **Terms of Loan.** The terms of the loan shall:
- (i) require level amortization with payments not less frequently than quarterly throughout the repayment period, except that alternative arrangements for repayment may apply in the event that the borrower is on an bona fide unpaid leave of absence for a period not to exceed one year for leaves other than a qualified military leave within the meaning of section 414(u) of the Code or for the duration of a leave which is due to qualified military service;
 - (ii) require that the loan be repaid within five years unless the Participant certifies in writing to the Administrator that the loan is to be used to acquire any dwelling unit which within a reasonable time is to be used (determined at the time the loan is made) as a principal residence of the Participant; and
 - (ii) provide for interest at a rate equal to (select one):
 - (1) ☐ _____ %;
 - (2) ☐ the prime rate as published by Bloomberg L.P. (or similar independent financial news service), such rate to apply to new loans within 5 business days of its publication; or
 - (3) ☒ the rate in (2) above plus (select one): ☒ 1%; or ☐ 2%.

(d) Security for Loan; Default.

- (i) Security. Any loan to a Participant under the Plan shall be secured by the pledge of the portion of the Participant's interest in the Plan invested in such loan.
- (ii) Default. In the event that a Participant fails to make a loan payment under this Section 5.13 within 90 days after the date such payment is due, a default on the loan shall occur. In the event of such default, (A) all remaining payments on the loan shall be immediately due and payable, (B) interest shall continue to accrue on the outstanding loan balance until the loan is foreclosed, (C) no contributions shall be made on such Participant's behalf prior to the first payroll period that follows by 12 calendar months the date of repayment in full of such loan, and (D) the Participant shall be permanently ineligible for any future loans from the Plan.

In the case of any default on a loan to a Participant, the Administrator shall apply the portion of the Participant's interest in the Plan held as security for the loan in satisfaction of the loan on the date of Severance from Employment. In addition, the Administrator shall take any legal action it shall consider necessary or appropriate to enforce collection of the unpaid loan, with the costs of any legal proceeding or collection to be charged to the Account Balance of the Participant.

Notwithstanding anything elsewhere in the Plan to the contrary, in the event a loan is outstanding hereunder on the date of a Participant's death, his or her estate shall be his or her Beneficiary as to the portion of his or her interest in the Plan invested in such loan (with the Beneficiary or Beneficiaries as to the remainder of his or her interest in the Plan to be determined in accordance with otherwise applicable provisions of the Plan).

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

IN WITNESS WHEREOF, the Employer has executed this Plan Amendment this 21st day of

October, 2009.

Marina Coast Water District

(Name of Employer)

SEAL

by Howard Gustafson
Its President, Board of Directors
(Title)

Attest:

Secretary

(Title)

(Witness)

TRUST AGREEMENT

This Trust Agreement is made and entered into as of the 21st day of October, 2009, by and among Marina Coast Water District, (hereinafter referred to as the "Employer") and Reliance Trust Company (hereinafter referred to as the "Trustee").

WITNESSETH:

WHEREAS, The Employer established the The Hartford 457 Deferred Compensation Plan (the "Plan"), a plan under Section 457 of the Internal Revenue Code. Pursuant to Section 1448 of the Small Business Job Protection Act of 1996 (the "Act") Section 457 plans are required to establish a trust to hold the assets of such plans for the exclusive benefit of participants and their beneficiaries. Accordingly, this Trust is hereby established as of October 21, 2009 for the exclusive benefit of Plan Participants and their Beneficiaries.

NOW, THEREFORE, the Employer and the Trustee agree as follows:

ARTICLE I

NAME OF TRUST

1.1 This Trust shall be known as the "Marina Coast Water District Plan Trust Agreement."

ARTICLE II

DEFINITIONS

2.1 Any term used in this Trust Agreement which is not otherwise defined herein shall have the meaning set forth in the Plan.

2.2 "Investment Manager" shall have the meaning given such term under Section 3(38) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

ARTICLE III
GENERAL DUTIES

3.1 It shall be the duty of the Trustee to hold title to assets held in respect of the Plan in the Trustee's name as directed by the Employer and/or its designees in writing. The Trustee shall not receive custody or possession of any such assets. The Trustee shall not be under any duty to compute the amount of contributions to be paid by the Employer or to take any steps to collect such amounts as may be due to be held in trust under the Plan. The Trustee shall not be responsible for the custody, investment, safekeeping or disposition of any assets comprising the Trust, such functions to be performed by the Employer and/or the Employer's designees, who shall be the agents of the Employer.

3.2 It shall be the duty of the Employer, subject to the provisions of the Plan, to pay over to the administrator or other person designated hereunder from time to time the Employer's contributions under the Plan and to inform the Trustee in writing as to the identity and value of the assets titled in the Trustee's name hereunder and to keep accurate books and records with respect to the Participants of the Plan and their compensation.

3.3 The Trustee shall be entitled to compensation for its services under this Agreement at such rates as from time to time the Trustee and the Employer shall agree in writing.

ARTICLE IV
INVESTMENTS

4.1 The Trustee shall perform its functions as a nondiscretionary, noncustodial Trustee, and the Trustee shall not have any discretion or authority with regard to the investment of the Trust and shall act solely as a directed Trustee of the assets of which it holds title. The Trustee, as a nondiscretionary Trustee, as may be directed by the Employer (or the Participants to the extent provided herein) is authorized and empowered, (subject, however, to the provisions of Section 4.2 below) by way of limitation, with the following powers, rights and duties, each of which the Trustee shall exercise in a nondiscretionary manner as directed in accordance with the direction of the Employer (or the Participants) (except to the extent that Plan assets are subject to the control and management of a properly appointed Investment Manager):

(a) To arbitrate, compromise, and adjust claims in favor of or against the Trust upon such terms and conditions as it deems advisable.

(b) To execute such instruments, deeds, leases, mortgages, contracts, agreements, assignments, transfers, bills of sale, and other documents of any kind as it is directed to do by the Employer and that the Trustee deems advisable or acceptable to execute in its discretion.

(c) To cause stocks, bonds, securities, or other investments to be registered in its name as Trustee or in the name of a nominee, or to take and keep the same unregistered.

(d) To employ such agents and counsel as it deems advisable or proper in connection with its duties and to pay such agents and counsel a reasonable fee. No agent or counsel so employed shall be disqualified by reason of any interest in the Trust or in any corporation whose securities comprise a part of the same. The Trustee shall not be liable for the acts of such agents and counsel or for acts done in good faith and in reliance upon the advice of such agents and counsel, provided it has used reasonable care in selecting such agents and counsel.

(e) To exercise all rights of ownership in any contracts of insurance in which any part of the Trust may be invested and to pay the premiums thereon.

(f) At the direction of the Employer (or the Participants or Investment Manager, as the case may be) to sell, write options on, convey or transfer, invest and reinvest any part thereof in each and every kind of property, whether real, personal or mixed, tangible or intangible, whether income or non-income producing and wherever situated, including but not limited to, time deposits (including time deposits in the Trustee or its affiliates, or any successor thereto, if the deposits bear a reasonable rate of interest), fee simple, leasehold or lesser estates in real estate, shares of common and preferred stock, mortgage, bonds, leases, notes, debentures, equipment or collateral trust certificates, rights, warrants, convertible or exchangeable securities, and/or other corporate, individual or government securities or obligations, annuity, retirement or

other insurance contracts, mutual funds (including funds for which the Trustee or its affiliates serve as investment advisor, custodian or in a similar or related capacity), or in units of any other common, collective or commingled trust fund heretofore or hereafter established and maintained by the Trustee or its affiliates; as long as the Trustee holds title to any units hereunder, the instrument establishing such common trust fund (including all amendments thereto) shall be deemed to have been adopted and made a part of this Trust.

4.2 Notwithstanding anything to the contrary in this Article IV or any other section of this Trust Agreement, the Trustee shall have no power:

(a) To divert any part of the Trust to any purpose other than the exclusive benefit of Participants and their Beneficiaries; under the Plan; provided, however, that if the Plan and this Trust which is a part thereof is required to be filed with the Internal Revenue Service for a determination of its qualification and said plan is not approved by the Internal Revenue Service retroactive to its inception, the Trustee shall transfer title to Trust assets to the Employer.

(b) To lend any part of the Trust without adequate security and a reasonable rate of interest; to pay any compensation in excess of a reasonable allowance for services or other property for less than fair market value; to make any part of the Trust available on a preferential basis; or to engage in any other transaction which results in a substantial diversion of any part of the Trust, to the Employer, or to any person or entity with whom or which such a transaction is prohibited by the Internal Revenue Code of 1986, as amended (the "Code") or ERISA.

4.3 Notwithstanding anything to the contrary in this Trust Agreement, the assets of the Plan shall be held by the Trustee as title holder only. Persons holding custody or possession of assets titled to the Trust shall include the Employer and any agents and subagents or other persons designated by the Employer, but not the Trustee. The Trustee shall not be responsible or liable for any loss or expense which may arise from or result from compliance with any direction from the Employer or such agents or other persons, to take title to any assets nor shall the Trustee be responsible or liable for any loss or expense which may result from the Trustee's refusal or

failure to comply with any direction to hold title, except if the same shall involve or result from the Trustee's gross negligence or intentional misconduct. The Trustee may refuse to comply with any direction from the Employer or such agents or other persons, in the event the Trustee, in its sole and absolute discretion, deems such direction improper by virtue of applicable law.

4.4 The Employer acknowledges that it has the sole responsibility for qualification of the Plan under Section 457 of the Code, and for selection of the investment funds offered under the Plan and the custody and possession of Trust assets.

4.5 The Employer hereby indemnifies and holds the Trustee and its affiliates and nominees harmless from any and all actions, claims, demands, liabilities, losses, damages or reasonable expenses of whatsoever kind and nature in connection with or arising out of (i) any action taken or omitted in good faith by the Trustee in accordance with the directions of the Employer, or its agents and subagents or other persons designated by Employer hereunder, or (ii) any disbursements of any part of the Trust made by the Trustee in accordance with the directions of the Employer, or (iii) any action taken by or omitted in good faith by the Trustee with respect to an investment managed by an Investment Manager in accordance with any direction of the Investment Manager or any inaction with respect to any such investment in the absence of directions from the Investment Manager.

Anything hereinabove to the contrary notwithstanding, the Employer shall have no responsibility to the Trustee under the foregoing indemnification if the Trustee fails intentionally or recklessly to perform any of the duties undertaken by it under the provisions of this Trust.

4.6 Notwithstanding anything herein to the contrary, the Employer or, if so designated by the Employer, the Investment Manager or another agent of the Employer, will be responsible for valuing all other assets so acquired for all purposes of the Trust and of holding, investing, trading and disposing of the same. The Employer will indemnify and hold the Trustee harmless against any and all claims, actions, demands, liabilities, losses, damages, or expenses of whatsoever kind and nature, which arise from or are related to any use of such value by the Trustee or holding, trading or disposition of such assets.

ARTICLE V
DISBURSEMENTS

5.1 The Employer or its designee shall make such payments from the Trust at such time to such persons and in such amounts as shall be authorized by the provisions of the Plan; provided, however, that the assets of the Plan (i) are held in trust for the exclusive benefit of the Participants and their Beneficiaries, and no payment shall be made, either during the existence of or upon the discontinuance of the Plan, which would cause any part of the Trust to be used for or diverted to purposes other than the exclusive benefit of the Participants and their Beneficiaries pursuant to the provisions of the Plan; (ii) may be used only to pay Plan benefits and defray reasonable expenses of administering the Plan; and (iii) cannot revert to the Employer until all Plan benefits have been paid to Participants and Beneficiaries in accordance with the terms of the Plan.

5.2 All payments of benefits under the Plan shall be made exclusively from the assets of the Plan accounts of the Participant to whom or to whose Beneficiary such payments are to be made, and no person shall be entitled to look to any other source for such payments.

ARTICLE VI
ACCOUNTING BY TRUSTEE

6.1 The Trustee shall not be required to keep accounts of the investments, receipts, disbursements, and other transactions of the Trust, except as necessary to perform its title-holding function hereunder. All accounts, books, and records relating thereto shall be maintained by the Employer or its designee.

6.2 As promptly as possible following the close of each year, the Trustee shall file with the Employer a written account setting forth assets titled to the Trust as reported to the Trustee by the Employer or its designee.

ARTICLE VII
MISCELLANEOUS ADMINISTRATIVE PROVISIONS

7.1 Neither the Trustee nor any affiliate thereof shall be required to give any

bond or to qualify before, be appointed by, or account to any court of law in the exercise of its powers hereunder.

7.2 No person transferring title or receiving a transfer of title from the Trustee shall be obligated to look to the propriety of the acts of the Trustee in connection therewith.

7.3 The Employer shall indemnify the Trustee (and any delegate of the Trustee) against any liability to any Participant or Beneficiary under the Plan for any action taken by the Trustee that is in accordance with the direction of the Employer. Furthermore, the Employer agrees to indemnify and hold harmless the Trustee (and any delegate) for any losses, costs, damages, or expenses, including reasonable attorneys' fees and expenses, which the Indemnitees may incur or pay out by reason of any (alleged or actual) action or inaction on the part of any predecessor or successor trustee of the Trust.

7.4 The Trustee shall use ordinary care and reasonable diligence in the exercise of its powers and the performance of its duties as Trustee hereunder, but shall not be liable for any mistake of judgment or other action taken in good faith, or for any loss, unless resulting from its own gross negligence or intentional misconduct.

7.5 The Employer may engage the Trustee as its agent in the performance of any duties required of the Employer under the Plan, but such agency employment shall not be deemed to increase the responsibility or liability of the Trustee under this Trust Agreement.

7.6 In the management of the Trust Fund, the Trustee may employ agents and delegate to them such ministerial and administrative duties as the Trustee shall see fit. As of the effective date of the Trust Agreement, the Trustee has appointed Hartford Life Insurance Company ("Hartford") as the agent to which it has delegated certain nondiscretionary administrative and ministerial duties. The Trustee and the Employer understand and agree that nothing in this Agreement, including the delegation of such nondiscretionary duties to Hartford, shall cause Hartford to be a fiduciary to the Plan. Also, as of the effective date of the Trust Agreement, the Trustee appoints the Employer as its authorized representative to which it has

delegated the authority to sign on the Trustee's behalf all documents relating to the investment of Plan assets in any vehicle sponsored by or made available through Hartford and its affiliates.

7.7 The expenses incurred by the Trustee in the performance of its duties hereunder, including fees for legal services, rendered to the Trustee, compensation of the Trustee and all other proper charges and disbursements of the Trustee, including all personal property taxes, income taxes and other taxes of any and all kinds whatsoever, that may be levied or assessed under existing or future laws upon or in respect of the Trust or any money, property or security forming a part of the Trust Fund, shall be paid by the Trustee from the Trust Fund, and the same shall constitute a charge upon the Trust Fund, unless the Employer pays the same or any part thereof.

ARTICLE VIII

AMENDMENT AND TERMINATION

8.1 The Employer reserves the right to alter, amend, or terminate this Trust Agreement at any time for any reason without the consent of the Trustee, or any other person, provided that such amendment or termination shall not reduce or eliminate any protected benefit and provided that no amendment affecting the rights, duties, or responsibilities of the Trustee shall be adopted without the written consent of the Trustee. Any such amendment shall become effective as of the date provided in the amendment upon delivery of the written instrument of amendment, as adopted by the Employer, to the Trustee and the endorsement of the Trustee of its agreement thereto.

ARTICLE IX

SUCCESSOR TRUSTEES

9.1 The Employer reserves the right to discharge the Trustee at any time by giving sixty (60) days' written notice.

9.2 The Trustee reserves the right to resign at any time by giving sixty (60) days' written notice to the Employer.

9.3 In the event of discharge or resignation of the Trustee, the Employer may appoint a successor Trustee who shall succeed to all the rights, duties, and responsibilities of the former Trustee under this Trust Agreement, and the terminated Trustee shall be deemed discharged of all duties under this Trust Agreement and responsibilities for the Trust.

ARTICLE X APPLICABLE LAW

10.1 This Trust and its validity, construction and effect shall be governed by the laws of the jurisdiction in which the headquarters of the Trustee is located.

ARTICLE XI RULES, CONSTRUCTION, AND INTERPRETATION

11.1 The Trustee shall have the sole discretionary authority to construe and interpret the Trust and to determine all questions arising in the administration, interpretation, and application of the Trust. All such determinations by the Trustee shall be conclusive and binding on all persons.

11.2 Notwithstanding anything in this Agreement to the contrary, the Trustee (including any delegate of the Trustee) shall not be responsible or liable for its failure to perform under this Agreement or for any losses to the Trust Fund resulting from any event beyond the reasonable control of the Trustee, its delegates, agents or subcustodians, including but not limited to nationalization, strikes, expropriation, devaluation, seizure, or similar action by any governmental authority, de facto or de jure; or enactment, promulgation, imposition or enforcement by any such governmental authority of currency restrictions, exchange controls, levies or other charges affecting the Trust Fund's property; or the breakdown, failure or malfunction of any utilities or telecommunications systems; or any order or regulation of any banking or securities industry including changes in market rules and market conditions affecting the execution or settlement of transactions; or acts of war, terrorism, insurrection or revolution; or acts of God; or any other similar or third-party event. This Section shall survive the termination of this Agreement.

ARTICLE XII

VALIDITY

12.1 The Trustee shall select any officers deemed necessary, and adopt rules governing its procedures not inconsistent herewith. The Trustee shall keep a record of its meetings and actions. The Trustee shall not be liable, jointly or severally, to any person for any actions or omissions in connection with its duties as Trustee unless resulting from its own gross negligence or willful misconduct. The Trustee shall not be responsible for the validity of the Plan and this Trust Agreement.

ARTICLE XIII

CONSTRUCTION

13.1 Pronouns and other similar words uses herein in the masculine gender shall be read as the feminine gender where appropriate, and the singular form of words shall be read as the plural where appropriate.

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IN WITNESS WHEREOF, the Employer and the Trustee have executed this Trust Agreement as of the date and year first set forth above.

WITNESS/ATTEST

Print Name: _____

Print Name: Jim Heitzman

RELIANCE TRUST COMPANY

By: _____

Print Name: _____

Print Title: _____

Date: _____

EMPLOYER

By: _____

Print Name: Howard Gustafson

Print Title: President, Board of Directors

Date: October 21, 2009