

**ORANGE COUNTY EMPLOYEES ASSOCIATION
SECTION 457
NONQUALIFIED DEFERRED COMPENSATION PLAN**

ADOPTION AGREEMENT

NOTICE TO ADOPTING EMPLOYERS

Under Federal Law, contributions to this Plan may be subject to current income taxation or claims of the Employer's creditors. Eligibility for inclusion in this Plan must be limited to the “highly paid” group of Participants or others not considered to be “rank and file” Participants. Violation of this provision can result in the loss of the tax-favored status of the Plan.

SECTION 457 NON-QUALIFIED DEFERRED COMPENSATION PLAN

ADOPTION AGREEMENT

The undersigned Employer hereby adopts this Section 457 Non-qualified Deferred Compensation Plan for the benefit of its eligible Participants and other eligible individuals.

I. EMPLOYER INFORMATION

1.01 **Name of Employer:** Orange County Employees Association ("OCEA").

1.02 **Employer's Address:** 830 North Ross Street
Santa Ana CA 92701
City State Zip

1.03 **Employer's Telephone Number:** (714) 835-3355.

1.04 **Employer's Taxpayer Identification Number:** 95-1685796.

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1.05 **Employer's Fiscal Year:** April 1 to March 31.

1.06 **Adoption by Affiliates.** May affiliated employers participate in this Plan: () Yes; (X) No. If affiliated employers may participate, the name and address of each such Employer should be attached to this Adoption Agreement.

1.07 Is this an amendment of a prior non-qualified retirement or deferred compensation plan: () Yes; (X) No. If this is an amendment of a prior plan, the Employer must attach to this Adoption Agreement any provisions necessary to coordinate this Plan with the prior plan.

II. PLAN INFORMATION

2.01 **Plan Name.** The Plan will be titled with the Employer's name and "Section 457 Non-Qualified Deferred Compensation Plan" unless a different name is specified in the following space: N/A.

2.02 **Effective Date of the Plan:** The effective date of the plan is April 1, 2001. The effective date of the amendment and restatement is N/A.

2.03 **Plan Number:** N/A.

2.04 **Plan Year.** The Plan Year shall begin on April 1 and end on March 31. In the case of an initial adoption of the Plan, the first Plan Year shall begin on the Effective Date.

2.05 **Trustee.** The Trustee (if any) of the Plan shall be: NA

2.06 **Plan Administrator.** The Plan Administrator shall be the Employer unless a different Plan Administrator is specified in the following space (if a committee, give names of members): N/A.

III. ELIGIBILITY

3.01 **Eligible Classes.** The classes of Participants eligible to participate in the Plan are:

(X) (a) Those Participants selected from time to time in the discretion of the Employer.

() (b) All Participants in the following executive or managerial classifications (specify): N/A

(X) (c) Other: John Sawyer, Consultant under contract with OCEA

IV. FUNDING OF THE PLAN

4.01 **Deferral of Compensation.** Participants (X) shall () shall not be entitled to enter into a Deferral Agreement with regard to a portion of their Compensation.

4.02 **Basis of Deferrals.** If Participants may enter into a Deferral Agreement, the compensation which may be deferred thereunder shall be limited to the following (check applicable items):

(X) (i) Regular salary;

(X) (ii) Regular or required bonuses;

(X) (iii) Discretionary bonuses;

(X) (iv) Commissions;

() (v) Other (specify): .

NOTE: For all other purposes, a Participant's compensation is equal to his taxable earnings unless otherwise provided in a resolution adopted by the Board.

4.03 **Revocation or Suspension.** If a Participant may defer a portion of his Compensation, a Deferral Agreement may be revoked or suspended prior to the first day of the next Plan Year as follows:

() (i) A suspension or revocation of a Deferral Agreement shall be permitted on the first day of any pay period following notice of suspension.

- (ii) A suspension or revocation of a Deferral Agreement is permitted on the first day of any pay period following the date of notice of suspension, provided that such Participant shall be precluded from entering into a new Deferral Agreement until the first day of the next Plan Year.
- (iii) An Participant who suspends his deferral election shall be precluded from making a new election for a period of ___ months (insert number).
- (iv) Not applicable. A Deferral Agreement may not be revoked or suspended prior to the first day of the following Plan Year.

4.04 **Employer Contributions.** Discretionary Contributions shall shall not be permitted under the Plan. The formula under which Discretionary Employer Contributions will be determined or any change therein shall be approved by the Employer prior to the close of each Plan Year.

4.05 **Restrictions on Allocations.** A Participant who is otherwise entitled to share in an allocation of Employer Contributions and/or Matching Contributions shall not share in such contributions unless the following conditions are met:

- (i) The participant must complete ___ hours of employment service(insert number) during the Plan Year;
- (ii) The Participant must be employed on the last day of the Plan Year.
- (iii) Not Applicable.

The foregoing conditions shall not apply if the failure to meet such conditions occurs (check one or more):

- As a result of the Participant's Death;
- As a result of the Participant's Disability;
- After attainment of Early Retirement Date;
- After attainment of Normal Retirement Date.
- Not Applicable.

4.06 **Restrictions on Allocations.** A Participant who is otherwise entitled to share in an allocation of () Employer Contributions and/or () Matching Contributions shall not be in such contributions unless the following conditions are met:

4.07 **Investment/Source of Payments.** Amounts deferred by Participants and amounts contributed by the Employer shall be held as follows:

() (i) All deferrals and contributions shall be held as part of the general assets of the Employer and the general assets of the Employer shall constitute the sole source of Benefits hereunder.

() (ii) All deferrals and contributions shall be held as general assets of the Employer, except that the following amount shall be transferred as follows (select one or more):

() (a) Trust:

() (d) Other (specify): _____

4.08 **Rate of Return.** If deferrals and/or Employer contributions are held as part of the general assets of the Employer, such deferrals and contributions shall be credited with earnings at the following rate: At discretion of Employer, based on earnings on investment of salary deferrals.

V. **VESTING**

5.01 **Basis of Vesting.** The determination of a Participant's vested interest in the Plan shall be based on the following:

(X) (i) Years of Employment Service with the Employer.

() (ii) Years of Participation in the Plan.

() (iii) Not applicable. Vesting is not based on Years of Participation or Years of Employment Service.

NOTE: Participants will be subject to current income taxation on amounts which are vested.

5.02 **Vesting in Deferrals.** A Participant (X) shall () shall not be fully vested at all times in amounts contributed to the Plan pursuant to a Deferral Agreement.

5.03 **Vesting in Contributions and Deferrals.** Subject to the provisions of Section 5.02, a Participant shall attain a fully vested interest in all contributions made to the Plan upon the following:

- (i) Completion of ___ Years of Employment Service/Participation.
- (ii) Attainment of Normal Retirement Date.
- (iii) Death prior to termination of employment.
- (iv) Disability prior to termination of employment.
- (v) Not applicable
- (vi) Other (specify):
N/A. All contributions and deferrals 100% immediately vested

5.04 **Vesting in Contributions and Deferrals.** Subject to the provisions of Section 5.02, a Participant shall attain a fully vested interest in all contributions made to the Plan upon the following:

5.05 **Incremental Vesting.** If provided below, a Participant may have a vested interest in deferrals and contributions prior to the occurrence of one of the events enumerated in Section 5.03. In the absence of incremental vesting, there shall be no vested interest prior to the occurrence of such event. **N/A**

<u>Years of</u> <u>Service/Participation</u>	<u>Vested Percentage</u>
_____	___%
_____	___%
_____	___%
_____	___%
_____	___%
_____	___%
_____	___%

5.06 **Definition of Disability.** If a Participant's interest in the Plan becomes vested in the event of disability, disability shall be defined as follows:

- (i) Not applicable. Vesting does not accelerate upon disability.
- (ii) Entitlement to benefits under the Federal Social Security Act.
- (iii) Entitlement to benefits under the long term disability program (if any) maintained by the Employer at the time that the event giving rise to disability occurs.
- (iv) Disability as determined by one or more physicians appointed by the Employer.
- (v) Other (specify):

5.07

Forfeiture of Deferral in Certain Cases. Notwithstanding the vesting of benefits under the Plan, a Participant's interest in the Plan shall be forfeited upon the occurrence of any of the following events (check one or more):

- (iv) Disability as determined by one or more physicians appointed by the Employer.
- (v) Other (specify):
- (i) The Participant engages in any theft or other dishonest act with respect to the Employer either before or after termination of employment.
- (ii) The Participant engages in competition with the Employer either before or after termination of Employment.
- (iii) The Participant engages in any act which brings disrepute upon or creates adverse publicity for the Employer.
- (iv) The employment of the Participant is terminated for cause.
- (v) The Participant is required by the Employer to provide consulting services to the Employer after termination of employment and fails or refuses to do so.
- (vi) The Participant fails or refuses to render assistance to the Employer in connection with any litigation or similar proceedings with respect to which the Participant may have material information.
- (vii) Other (specify): .
- (viii) Not Applicable.

NOTE: If any portion of a Participant's Benefit may not be forfeited under this Section, payment of such Benefit (or the unpaid portion thereof) shall be deferred or suspended until the date the Participant would have attained his Normal Retirement Date and then shall be paid only in the form of a life annuity.

VI. RETIREMENT DATES

6.01 **Normal Retirement Date.** The Normal Retirement Date for a Participant shall be the Date on which such participant attains age 65 or, if later, the NA anniversary of participation in the Plan.

invested () by the Trustee () at the direction of Participants. **N/A. (No Trust)**

8.02 **Optional Investments.** If Participants may direct the investment of amounts credited to them, such investments shall be limited to the following investment vehicles (select applicable choices).

- (X) (i) Annuity contracts
- (X) (ii) Insurance policies
Name of Carrier: As selected from time to time by the Employer.
- (X) (iii) Other (specify): Mutual Funds as selected from time to time by the Employer.

8.03 **Change in Investment Direction.** If Participants may direct the investment of amounts credited to them, such investment directions may be changed:

- (X) (i) Not applicable.
- () (ii) Once per Plan Year;
- () (iii) Semi-annually;
- () (iv) Other (specify):

VIII GOVERNING LAW

9.01 To the extent that the Plan is not governed by ERISA, the laws of the State of California shall apply in interpreting the Plan (insert state whose law is to govern the Plan).

IN WITNESS WHEREOF, the undersigned have executed this Plan this ___ day of _____, 200_____.

EMPLOYER:

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Orange County Employees Association

By: _____

Title: _____