MEETING OF THE BOARD OF DIRECTORS OF THE
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Jointly with the
ADMINISTRATION & FINANCE COMMITTEE
18700 Ward Street, Conference Room 101, Fountain Valley, CA 92708
March 11, 2026, 8:30 a.m.

Teleconference Sites:
25652 Paseo De La Paz, San Juan Capistrano, CA 92675
17420 Walnut Street, Fountain Valley, CA 92708

This meeting will be held in person at 18700 Ward Street, Fountain Valley, California, 92708 (Conference Room 101). As a convenience for the public, the meeting may also be accessed by Zoom Webinar and will be available by either computer or telephone audio as indicated below. Because this is an in-person meeting and the Zoom component is not required, but rather is being offered as a convenience, if there are any technical issues during the meeting, this meeting will continue and will not be suspended.

Computer Audio: You can join the Zoom meeting by clicking on the following link:
https://zoom.us/j/8828665300

Telephone Audio: **(669) 900 9128**
Webinar ID: **882 866 5300#**

A&F Committee:
Director Thomas, Chair
Director Nederhood
Director Crane

Staff: H. De La Torre, M. Baum-Haley, A. Crespi, C. Harris, H. Chumpitazi, K. Pham

Ex Officio Member: President Dick

MWDOC Committee meetings are noticed and held as joint meetings of the Committee and the entire Board of Directors and all members of the Board of Directors may attend and participate in the discussion. Each Committee has designated Committee members, and other members of the Board are designated alternate committee members. If less than a quorum of the full Board is in attendance, the Board meeting will be adjourned for lack of a quorum and the meeting will proceed as a meeting of the Committee with those Committee members and alternate members in attendance acting as the Committee.

ROLL CALL

PUBLIC COMMENTS
Public comments on agenda items and items under the jurisdiction of the Committee should be made at this time.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED
Determine need and take action to agendize item(s), which arose subsequent to the posting of the Agenda. (Requires a unanimous vote of the Committee).

ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO THE MEETING
Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than 72 hours prior to the meeting will be available for public inspection in the lobby of the District's business office located at 18700 Ward Street, Fountain Valley, California 92708, during regular business hours. When practical, these public records will also be made available on the District's Internet Website, accessible at http://www.mwdoc.com.

PROPOSED BOARD CONSENT CALENDAR ITEMS

1. TREASURER'S REPORT
   a. Revenue/Cash Receipt Report – February 2026
   b. Disbursement Approval Report for the month of March 2026
   c. Disbursement Ratification Report for the month of February 2026
   d. GM Approved Disbursement Report for the month of February 2026
   e. Consolidated Summary of Cash and Investment – January 2026
   f. OPEB and Pension Trust Fund statement

2. FINANCIAL REPORT
   a. Combined Financial Statements and Budget Comparative for the Period Ending January 31, 2026

PRESENTATION ITEM

3. SUSTAIN SOUTHERN CALIFORNIA (PRESENTATION BY C. SCOTT KITCHER)

DISCUSSION ITEM

4. MWDOC 2ND DRAFT BUDGET FOR FISCAL YEARS 2026-27 & 2027-28

ACTION ITEM

5. APPROVAL OF 401(a) MONEY PURCHASE PENSION PLAN DOCUMENTS

INFORMATION ITEMS

6. DEPARTMENT ACTIVITIES REPORTS
   a. Administration
   b. Finance and Information Technology

7. MONTHLY WATER USAGE DATA AND WATER SUPPLY INFORMATION

OTHER ITEMS

8. REVIEW ISSUES REGARDING DISTRICT ORGANIZATION, PERSONNEL MATTERS, EMPLOYEE BENEFITS FINANCE, AND INSURANCE

ADJOURNMENT

NOTE: At the discretion of the Committee, all items appearing on this agenda, whether or not expressly listed for action, may be deliberated, and may be subject to action by the Committee. On those items designated for Board action, the Committee reviews the items and makes a recommendation for final action to the full Board of Directors; final action will be taken by the Board of Directors. Agendas for Committee and Board meetings may be obtained from the District Secretary. Members of the public are advised that the Board consideration process includes consideration of each agenda item by one or more Committees indicated on the Board Action Sheet. Attendance at Committee meetings and the Board meeting considering an item consequently is advised.

Accommodations for the Disabled. Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning Angela Crespi, District Secretary, at (714) 963-3058, or writing to Municipal Water District of Orange County at 18700 Ward Street, Unit B, Fountain Valley, CA 92708. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that District staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the District to provide the requested accommodation.

Municipal Water District of Orange County
REVENUE / CASH RECEIPT REPORT
February 2026

WATER REVENUES

Date	From	Description		Amount
2/02/2026	Trabuco Canyon Water District	December 2025 Water deliveries	$	26,483.89
2/03/2026	City of La Palma	December 2025 Water deliveries		911.55
2/03/2026	El Toro Water District	December 2025 Water deliveries		453,824.69
2/03/2026	Mesa Water District	December 2025 Water deliveries		178.59
2/05/2026	City of Garden Grove	December 2025 Water deliveries		55,495.50
2/06/2026	Irvine Ranch Water District	December 2025 Water deliveries		1,040,416.69
2/09/2026	Santa Margarita Water District	December 2025 Water deliveries		2,000,456.51
2/09/2026	Santa Margarita Water District (ID9)	December 2025 Water deliveries		434,399.11
2/10/2026	City of Newport Beach	December 2025 Water deliveries		32,220.12
2/10/2026	Laguna Beach County Water District	December 2025 Water deliveries		337,083.82
2/10/2026	South Coast Water District	December 2025 Water deliveries		463,499.16
2/11/2026	City of Orange	December 2025 Water deliveries		163,435.36
2/11/2026	City of Seal Beach	December 2025 Water deliveries		15,408.60
2/12/2026	East Orange Co Water District	December 2025 Water deliveries		176,450.21
2/12/2026	Yorba Linda Water District	December 2025 Water deliveries		268,439.89
2/13/2026	City of San Clemente	December 2025 Water deliveries		597,937.11
2/13/2026	Golden State Water Company	December 2025 Water deliveries		1,133,200.64
2/13/2026	Moulton Niguel Water District	December 2025 Water deliveries		2,153,085.94
2/13/2026	Orange County Water District	December 2025 Water deliveries		109,047.77
2/23/2026	City of Newport Beach	January 2026 Water deliveries		39,884.99
2/23/2026	Serrano Water District	January 2026 Water deliveries		8,888.88
2/24/2026	City of La Habra	January 2026 Water deliveries		7,403.37
2/27/2026	City of Brea	January 2026 Water deliveries		15,444.60
2/27/2026	City of Buena Park	January 2026 Water deliveries		17,702.73
2/27/2026	City of Huntington Beach	January 2026 Water deliveries		526,309.03
2/27/2026	Irvine Ranch Water District	January 2026 Water deliveries		937,794.27
2/27/2026	Trabuco Canyon Water District	January 2026 Water deliveries		26,568.81
		TOTAL WATER REVENUES	**$**	**11,041,971.83**

Municipal Water District of Orange County
REVENUE / CASH RECEIPT REPORT
February 2026

MISCELLANEOUS REVENUES

Date	From	Description		Amount
2/02/2026	Metropolitan Water District	1/26/2026 Water Policy dinner registrations	$	1,350.00
2/02/2026	Stripe	1/26/2026 Water Policy dinner registrations		9,848.48
2/03/2026	Yorba Linda Water District	1/26/2026 Water Policy dinner registrations		1,350.00
2/10/2026	Moulton Niguel Water District	1/26/2026 Water Policy dinner registrations		1,350.00
2/17/2026	Metropolitan Water District	1/26/2026 Water Policy dinner registrations		1,350.00
2/18/2026	City of Santa Ana	1/26/2026 Water Policy dinner registrations		1,350.00
2/18/2026	The Westin South Coast Plaza	Deposit refund for the 1/26/2026 Water Policy dinner		460.40
2/02/2026	Stripe	ISDOC Quarterly Luncheon registrations		1,289.06
2/04/2026	Judy Pfister	Partial January and February 2026 Retiree Health insurance		42.82
2/02/2026	Joseph Berg	February 2026 Retiree Health insurance		420.74
2/04/2026	Maribeth Goldsby	February 2026 Retiree Health insurance		245.65
2/24/2026	Karl Seckel	March 2026 Retiree Health insurance		245.65
2/17/2026	Igoe and Company Inc	Refund for FSA		7.75
2/19/2026	US Bank Custodial Account	State Bank of India and Wells Fargo Interest payment		11,424.92
2/26/2026	US Bank Custodial Account	FHLB Interest payment		1,062.50
2/27/2026	US Bank	Monthly Interest		74.71
2/18/2026	Santa Margarita Water District	December 2025 Smartimer rebate program		201.96
2/18/2026	City of Garden Grove	August 2025 Turf Removal rebate program		104.00
2/03/2026	City of Fountain Valley	August 2025 Spray to Drip rebate program		853.10
2/03/2026	Golden State Water Company	October 2025 Spray to Drip rebate program		208.00
2/03/2026	Golden State Water Company	December 2025 Spray to Drip rebate program		1,061.50
2/10/2026	City of Fountain Valley	December 2025 Spray to Drip rebate program		2,871.60
2/10/2026	City of La Habra	December 2025 Turf Removal rebate program		104.00
2/20/2026	City of Tustin	December 2025 Turf Removal rebate program		104.00
2/03/2026	El Toro Water District	September 2025 Clothes Washers rebate program		230.00
2/23/2026	Laguna Beach County Water District	December 2025 Clothes Washers rebate program		65.00
2/06/2026	City of Huntington Beach	November 2025 Turf Removal and Spray to Drip rebate program		1,157.10
2/12/2026	City of Westminster	December 2025 Turf Removal and Spray to Drip rebate program		208.00
2/10/2026	Moulton Niguel Water District	September 2025 Smartimer, Turf Removal and Clothes Washers rebate program		15,577.20
2/06/2026	Irvine Ranch Water District	December 2025 Smartimer, Turf Removal and Spray to Drip rebate program		8,039.77
2/10/2026	City of Newport Beach	FY 2025-26 Meter Area Measurements Program		45,000.00
2/13/2026	City of Fullerton	Jul-Dec 2025 School Billing		7,409.45
2/18/2026	City of Garden Grove	Addition to the Choice School Program FY 2025-26		2,314.80
2/20/2026	City of Tustin	Addition to the Choice School Program FY 2025-26		2,227.89
2/18/2026	City of Orange	Water Loss Control Shared Services FY 2025-26		45.00
2/13/2026	City of Fullerton	Water Loss Control Technical Assistance - E Source CY 2025		10,120.00
2/18/2026	City of Anaheim	Water Loss Control Technical Assistance - E Source CY 2025		4,180.00
2/03/2026	City of Newport Beach	5 days Supervisor training		1,200.00
2/27/2026	City of Huntington Beach	5 days supervisor training		2,400.00
2/27/2026	City of Buena Park	2025 Urban Water Management Plan		61,185.00
2/24/2026	City of Anaheim	2025 Urban Water Management Plan Progress Billing		13,074.60
		TOTAL MISCELLANEOUS REVENUES	**$**	**211,814.65**
		TOTAL REVENUES	**$**	**11,253,786.48**

Harvey De La Torre, General Manager

Hilary Chumpitazi, Treasurer

Municipal Water District of Orange County
Disbursement Approval Report
For the month of March 2026

Vendor/ Invoice	Description	Amount to Pay
Core Expenditures:		
Ackerman Consulting-Richard C Ackerman		
1464	February 2026 Legal and regulatory specialized consulting services	3,500.00
Total		**3,500.00**
Best Best and Krieger LLP		
55401-JAN26	January 2026 Legal services	22,924.56
Total		**22,924.56**
Fresno State		
3035887	WEEA CSU-Water Annual Conference Student Sponsorship	500.00
Total		**500.00**
Carollo Engineers, Inc		
FB78384	January 2026 Urban Water Management Plan Development services	42,982.87
Total		**42,982.87**
ComputerWorks NFP Solutions		
7011	Accufund service support - Pay as you go rate	700.00
Total		**700.00**
Green Thumb (Indoor Plant Care) LLC-Dedo Verde Interior		
20260223	March 2026 Indoor plant service	350.50
Total		**350.50**
Dopudja & Wells Consulting Inc		
2544	January 2026 Senior Advisory Consulting Services for State and Federal Legislative and Policy Matters	1,565.99
2557	January 2026 Consulting services on MET Strategic Issues and Priorities	4,839.36
Total		**6,405.35**
Hashtag Pinpoint Corporation		
2029	February 2026 Social Media consultation and services	7,913.00
Total		**7,913.00**
Lawnscape Systems Inc		
458028	February 2026 Landscape maintenance for Atrium	495.00
Total		**495.00**
Fiduciary Consulting Group-Morgan Stanley Institional Investment Advisors LLC		
11434726037	January-March 2026 Investment Advisor services for 401a and 457b plans	5,000.00
Total		**5,000.00**
Natural Resource Results LLC		
5807	February 2026 Federal Advocacy Agreement services	8,000.00
Total		**8,000.00**

Municipal Water District of Orange County
Disbursement Approval Report
For the month of March 2026

Vendor/ Invoice	Description	Amount to Pay
NDS		
863333	02/06/26 Board packet delivery service	171.39
863433	02/12/26 HR pick-up/drop-off & 02/13/26 Board packet delivery service	427.85
863870	02/27/26 Board packet delivery service	171.39
Total		**770.63**
Office Solutions		
I-20021679	02/11/26 Office supplies	210.06
I-20024986	02/23/26 Office supplies	46.91
I-20021435	02/10/26 Office supplies	251.08
I-20025673	02/25/26 Office supplies	210.44
I-20025995	02/26/26 Office supplies	51.93
Total		**770.42**
Orange County Water District		
28228	January 2026 Postage, shared office & maintenance expense	8,042.49
Total		**8,042.49**
Sky Tech Communications		
20926	Professional services and materials to install redundant internet connection	1,135.00
Total		**1,135.00**
Soto Resources-Joey C Soto		
GA-FEB-110	February 2026 Grant Research and Acquisition	3,250.00
Total		**3,250.00**
Southern Cal Water Coalition		
2141	SCWC Annual basic membership renewal	1,500.00
Total		**1,500.00**
USAFact Inc		
2026020179	February 2026 Background check for new hire	36.39
Total		**36.39**
Whittingham Public Affairs Advisors-WPAA		
3362	March 2026 Strategic guidance on local & regional issues	5,000.00
Total		**5,000.00**
Total Core Expenditures		**119,276.21**

Choice Expenditures:

Building Block Entertainment Inc		
3988-3	February 2026 Choice Elementary School Program K-2	4,264.00
Total		**4,264.00**

Municipal Water District of Orange County
Disbursement Approval Report
For the month of March 2026

Vendor/ Invoice	Description	Amount to Pay
Mission RCD		
3556	February 2026 Field inspection and verification for Water Use Efficiency rebate programs	9,229.87
Total		**9,229.87**
Office Solutions		
I-20026268	02/26/26 Supplies for Water Loss Control Shared Services	56.93
Total		**56.93**
Orange County Dept of Education		
94WI1659	January 2026 Choice School Program for grades 3-8	50,774.48
Total		**50,774.48**
Orange County Water District		
28228	January 2026 Postage for Water Use Efficiency rebate programs	22.20
Total		**22.20**
Westerly Meter Service Co.-Lane M Matsuno		
18071	February 2026 Meter Accuracy Testing for Mesa Water District	1,400.00
Total		**1,400.00**
Total Choice Expenditures		**65,747.48**

Other Funds Expenditures:

Environmental Incentives Inc		
MWDOC TAP-11	January 2026 Frameworks Technical Assistance Program services	22,693.20
Total		**22,693.20**
Herndon Solutions Group LLC		
INV-0000011766	February 2026 services to assist with AWIA compliance (RRA) - Brea	12,750.00
INV-0000011767	February 2026 services to assist with AWIA compliance - WEROC Fuel Plan	17,250.00
INV-0000011768	February 2026 services to assist with AWIA compliance (RRA) - Seal Beach	12,750.00
INV-0000011769	February 2026 services to assist with AWIA compliance (RRA) - TCWD	12,750.00
INV-0000011770	February 2026 services to assist with AWIA compliance (ERP) - YLWD	21,083.33
Total		**76,583.33**
Mission RCD		
3556	February 2026 Field inspection and verification for Water Use Efficiency rebate programs	8,928.13
Total		**8,928.13**
NV5 Geospatial		
503078	February 2026 Meter Area Measurement services (Garden Grove)	8,294.00
Total		**8,294.00**
Total Other Funds Expenditures		**116,498.66**

Municipal Water District of Orange County
Disbursement Approval Report
For the month of March 2026

Vendor/ Invoice	Description	Amount to Pay
Total Expenditures		301,522.35

Municipal Water District of Orange County
Disbursement Ratification Report
For the Month of February 2026

Name/ Date	Check/ EFT	Invoice	Description	Amount
Core Disbursements:				
Tiffany Baca				
2/27/2026	EFT	12626	January 2026 Business expense	216.26
Total				**216.26**
Corodata Records Management Inc				
2/13/2026	EFT	RS7152227	January 2026 Records Storage Fees	74.15
Total				**74.15**
Jared Dawson				
2/27/2026	EFT	11326	January 2026 Business expense	23.21
Total				**23.21**
Larry Dick				
2/27/2026	EFT	12926	January 2026 Business expense	179.83
Total				**179.83**
Dennis Erdman				
2/27/2026	144508	10726	January 2026 Business expense	53.05
2/27/2026	144508	110525	November 2025 Business expense	51.55
2/27/2026	144508	120925	December 2025 Business expense	51.55
Total				**156.15**
Frontier Communications Holdings LLC				
2/13/2026	144476	120125-5-FEB26	February 2026 Internet expense	675.00
Total				**675.00**
Cassidy Harding				
2/27/2026	144509	12826	January 2026 Business expense	15.00
Total				**15.00**
Al Nederhood				
2/27/2026	EFT	12926	January 2026 Business expense	221.74
Total				**221.74**
Ricoh USA Inc				
2/27/2026	EFT	9033547201	11/01/25-01/31/26 Ricoh copier maintenance	1,633.42
Total				**1,633.42**
Megan Schneider				
2/27/2026	EFT	12926	January 2026 Business expense	210.08
Total				**210.08**
Karl Seckel				
2/27/2026	EFT	12626	January 2026 Business expense	55.85
Total				**55.85**
Spectrum Business				
2/06/2026	144471	188955001012126	February 2026 Internet expense	1,034.00
Total				**1,034.00**
Jeffery Thomas				
2/27/2026	EFT	12926	January 2026 Business expense	107.30
2/27/2026	EFT	112025	November 2025 Business expense	98.00
Total				**205.30**

Municipal Water District of Orange County
Disbursement Ratification Report
For the Month of February 2026

Name/ Date	Check/ EFT	Invoice	Description	Amount
US Bank				
2/27/2026	144511	2978/4192/8910/1189-JAN26	12/23/25-01/22/26 Cal Card Charges	27,079.70
Total				**27,079.70**
Verizon Wireless				
2/06/2026	144472	6134299557	January 2026 4G Mobile broadband unlimited service	100.54
Total				**100.54**
Katie Vincent				
2/27/2026	EFT	12626	January 2026 Business expense	6.24
2/27/2026	EFT	123025	December 2025 Business expense	21.42
Total				**27.66**
Total Core Disbursements				**31,907.89**

Choice Disbursements:

US Bank				
2/27/2026	144511	1189-JAN26	12/23/25-01/22/26 Cal Card Charges	163.49
Total				**163.49**
US Bank Voyager Fleet Systems				
2/13/2026	EFT	8694349932604	12/25/25-01/24/26 Fuel for Water Loss Control Shared Services Vehicles	497.97
Total				**497.97**
Total Choice Disbursements				**661.46**

Other Funds Disbursements:

AT&T				
2/13/2026	144475	24716848	January 2026 Telephone expense for WEROC N. EOC	40.87
Total				**40.87**
Metropolitan Water District				
2/27/2026	EFT022726	12075	December 2025 Water deliveries	9,573,436.67
Total				**9,573,436.67**
San Bernardino Valley Municipal WD				
2/13/2026	144483	11426	Prop 1 Project Partner Reimbursement per Report 18	167,401.82
Total				**167,401.82**
Santiago Aqueduct Commission				
2/27/2026	144510	122025	December 2025 SAC Pipeline Operation Surcharge	2,637.18
Total				**2,637.18**
Santa Margarita Water District				
2/27/2026	EFT	122025	December 2025 SCP Operation Surcharge	21,431.80
Total				**21,431.80**

Municipal Water District of Orange County
Disbursement Ratification Report
For the Month of February 2026

Name/ Date	Check/ EFT	Invoice	Description	Amount
Spray to Drip Rebate				
2/13/2026	144486	S2D7-C-BREA-54763-23811	925-1075 Lambert RoadLlc Bb	28,554.00
2/13/2026	144487	S2D7-C-BREA-54763-23812	925-1075 Lambert RoadLlc Bb	10,004.00
2/13/2026	144497	S2D7-C-HB-54611-23866	Huntington Shores	21,066.00
2/13/2026	144505	S2D7-C-IRWD-44331-23657	Whispering Hills HOA	15,019.00
2/13/2026	144496	S2D7-C-IRWD-51655-23774	Foothill Antibes Maintenance Corp	26,966.00
2/13/2026	144494	S2D7-C-IRWD-54611-23834	Executive Plaza Executive Plaza	6,685.00
2/13/2026	144491	S2D7-C-IRWD-54869-23755-PA	City Of Irvine	34,816.00
2/13/2026	144498	S2D7-C-MNT-54552-23554	Laguna Heights Community Association	10,135.00
2/13/2026	144504	S2D7-C-SOCO-54611-23861	Villas At Monarch Beach	16,692.00
2/13/2026	144500	S2D7-C-TUST-54611-23853	San Juan Meadows HOA	11,606.00
2/13/2026	144488	S2D7-C-TUST-54763-23845	Bixby Land Company	4,593.00
2/13/2026	144492	S2D7-C-YLWD-51560-23693-PA	City Of Yorba Linda	10,150.00
2/13/2026	144493	S2D7-C-YLWD-51560-23694-PA	City Of Yorba Linda	11,758.00
2/27/2026	144516	S2D7-R-GG-55068-23911	L. Siordia	3,150.00
2/27/2026	144513	S2D7-R-IRWD-41243-23772	D. Hua	3,655.58
2/27/2026	144515	S2D7-R-SC-54894-23777	M. Rhoades	1,334.00
2/27/2026	144514	S2D7-R-YLWD-54930-23795	B. Lanthier	4,225.00
Total				**220,408.58**
Turf Rebate				
2/13/2026	144490	TR17-C-IRWD-4463-53613	Camden Place Neighborhood Assn	7,594.87
2/13/2026	144495	TR17-C-IRWD-54611-53690	Executive Plaza Executive Plaza	31,195.00
2/13/2026	144503	TR17-C-NWPT-4463-53612	Villa Balboa Comm Assoc	30,740.99
2/13/2026	144499	TR17-C-SM-54611-53686	Spm-Rivendell Land Company IncRivendell Land Company Inc	14,455.00
2/13/2026	144501	TR17-C-SM-54611-53688	Spm-Serra Plaza	10,930.00
2/13/2026	144502	TR17-C-SM-54611-53689	Underhill Properties LLC	4,425.00
2/13/2026	144489	TR17-C-TUST-54763-53713	Bixby Land Company	23,240.00
2/27/2026	144517	TR17-R-TUST-52994-51486	H. Yoo	3,886.73
Total				**126,467.59**
US Bank				
2/27/2026	144511	3115-JAN26	12/23/25-01/22/26 Cal Card Charges - WEROC	1,209.89
Total				**1,209.89**
US Bank Voyager Fleet Systems				
2/13/2026	EFT	8694349932604	12/25/25-01/24/26 Fuel for WEROC Mobile Command Vehicle	22.07
Total				**22.07**
Verizon Wireless				
2/06/2026	144472	6134299557	January 2026 4G Mobile broadband unlimited service	197.51
Total				**197.51**
Total Other Funds Disbursements				**10,113,253.98**
Total Disbursements				**10,145,823.33**

Harvey De La Torre, General Manager

Hilary Chumpitazi, Treasurer

Cal Card Charges
Statement Date: January 22, 2026
Payment Date: February 27, 2026

Date	Description	Amount
General Manager Card:		
12/31/2025	ACWA 2025 Fall Conference in San Diego, CA from 12/02/25-12/04/25 - Refund of hotel mischarge of accommodations for K. Seckel	(228.75)
1/05/2026	AWWA - California Nevada Section Water Audit Validator Certificate Training Webinar from 03/16/26-03/20/26 - Registration for C. Harding	2,300.00
1/06/2026	ISDOC Quarterly Luncheon in Fountain Valley, CA on 01/29/26 - Registrations for L. Dick and R. Crane	50.00
1/06/2026	AWWA - California Nevada Section - Water Use Efficiency I Webinar from 03/10/26-03/12/26 - Registration for E. Song	445.00
1/06/2026	AWWA CA-NV Making Conservation a CA Way of Life: Regulatory Overview on 02/24/26 - Webinar registration for C. Castro	60.00
1/07/2026	CMUA 2026 Annual Capitol Day in Sacramento, CA on 01/26/26 - Airfare for H. Baez	558.97
1/07/2026	CMUA 2026 Annual Capitol Day in Sacramento, CA on 01/26/26 - Registration for H. Baez	375.00
1/08/2026	CRWUA 2025 Annual Conference in Las Vegas, NV from 12/16/25-12/18/25 - J. Thomas accommodation mischarge refund	(10.83)
1/08/2026	Flowers for Director	197.68
1/08/2026	AWWA Water Conference of the West in San Diego, CA from 04/06/26-04/09/26 - Accommodation deposit for R. Davis	1,145.92
1/14/2026	OCPRSA 2026 Western District Conference in Newport Beach, CA from 02/02/25-02/04/25 - Registration for M. Buendia	549.00
1/15/2026	Meals and parking fee for H. De La Torre's meetings	88.33
1/15/2026	CSDA Navigating Governance and Finance in Special Districts in Fountain Valley, CA on 06/24/26 - Registration for R. Crane	75.00
1/21/2026	OCWA Special Networking Luncheon to Kickoff 2026: An OCWA Industry Insight in Irvine, CA on 01/21/26 - Registration for S. Sriboonlue	60.00
1/21/2026	ACWA Legislative Symposium on 02/11/26 in Sacramento, CA - Registration for H. Baez	385.00
Total:		**6,050.32**
Assistant General Manager Card:		
1/05/2026	Breakfast for Supervisor Training on 01/06/26	49.66
1/15/2026	Breakfast for Supervisor Training on 01/20/26	64.85
Total:		**114.51**
Public Affairs Card:		
12/23/2025	Translation to Arabic for Poster Contest Flyer	8.78
12/23/2025	Small sign for events	79.00
12/29/2025	Speaker gift for 01/26/26 Water Policy Dinner	250.11
12/29/2025	CA Assoc of Public Information Officials (CAPIO) - 2026 membership renewal for T. Baca	300.00
12/29/2025	Decorations for 01/26/26 Water Policy Dinner and 75th Anniversary Board Meeting	94.58
12/29/2025	Giveaway items for 01/26/26 Water Policy Dinner	212.80
12/30/2025	Holiday lunch for PA team	122.32
12/30/2025	January 2025 Open AI monthly subscription, language processing tool	20.00
12/31/2025	Decorations for 75th Anniversary Board Meeting	65.91
1/03/2026	January 2026 Public Storage Unit for Public Affairs	840.00
1/05/2026	Translation services for Poster Contest Flyer	8.78
1/06/2026	Gift bags for 01/26/26 Water Policy Dinner	10.78
1/07/2026	Lunch for Team Planning meeting	118.85

Cal Card Charges
Statement Date: January 22, 2026
Payment Date: February 27, 2026

Date	Description	Amount
Public Affairs Card (continued)		
1/09/2026	WEEA Sponsorship for Water Works Here Film	500.00
1/09/2026	Decorations for 01/26/26 Water Policy Dinner	115.18
1/13/2026	Centerpieces for 01/26/26 Water Policy Dinner	435.00
1/14/2026	Gift wrapping supplies	11.97
1/15/2026	Decorations for 01/26/26 Water Policy Dinner	8.83
1/15/2026	Large sign for events	144.00
1/16/2026	Cake for the 75th Anniversary Board Meeting	179.06
1/16/2026	Batteries for Public Affairs events	26.52
1/20/2026	Breakfast for 75th Anniversary Board Meeting	24.57
1/20/2026	Community event sign holders	18.47
1/20/2026	MWDOC Sponsor for Water Works Here Film	500.00
Total:		**4,095.51**
Administration Card:		
12/23/2025	Microsoft services to assist with windows server license issue	499.00
12/25/2025	December 2025 web hosting and database charges for MWDOC website	152.99
12/26/2025	Inadvertent charge to be reimbursed by staff	19.99
12/28/2025	Second web camera for conference room 101	271.86
12/29/2025	Society of Human Resource Managers - Annual membership renewal for C. Harris	299.00
12/29/2025	Annual subscription for webcam and video production tool in conference room 101	59.00
12/30/2025	ACWA DC 2026 - Annual Washington, D.C. Conference at Washington, D.C. from 02/24/26-02/26/26- Registration for R. Crane	950.00
12/30/2025	Wire connectors, acrylic sign holders, and 5x7 card stock for IT	37.81
12/30/2025	ACWA DC 2026 - Annual Washington, D.C. Conference at Washington, D.C. from 02/24/26-02/26/26 - Registration for H. Baez and M. Baum-Haley	1,900.00
12/31/2025	January 2026 subscription for email services to support the secure delivery of email from AccuFund	25.00
1/01/2026	DocuSign E-Signature annual renewal	5,916.72
1/02/2026	Breakfast for Supervisor Training on 01/06/26	98.73
1/02/2026	2026 Public Agency Legislative Roundup Webinar - Training for C. Harris and K. Davanaugh	150.00
1/03/2026	Management staff lunch on 01/05/26	111.22
1/03/2026	California Chamber of Commerce - 2026 membership renewal	899.00
1/07/2026	Lunch for Supervisor Training on 01/06/26	910.00
1/09/2026	(3) Windows Server 2025 Standard 16 Core licenses for server refresh project	1,784.98
1/09/2026	December 2025 monthly charges for Azure storage, networking, compute, and database	1,194.89
1/10/2026	Monthly charge for 1.25TB of SharePoint storage	270.00
1/12/2026	Ice machine cleaning service	334.75
1/15/2026	Running boards for Water Loss Control truck	163.49
1/17/2026	January 2026 cloud storage fee to archive Laserfiche documents for compliance/immutability	24.39
1/17/2026	Office supplies	14.38
1/19/2026	(5) Canvas bags for conference room storage and (1) Webcam mount for conference room 101	80.65
1/19/2026	February 2026 eFax service charge	10.00
1/20/2026	January 2026 Wireless Internet Backup	45.00
1/21/2026	Lunch for Supervisor Training on 01/20/26	760.00
Total:		**16,982.85**

Cal Card Charges
Statement Date: January 22, 2026
Payment Date: February 27, 2026

Date	Description	Amount
WEROC Card:		
12/31/2025	January 2026 Starlink Standby Mode fees for Mobile Command Vehicle	5.00
1/03/2026	January 2026 Iridium Standby Plan service charge for WEROC's three satellite phones	67.17
1/07/2026	Fletcher Jones MotorCars - Mobile Command Vehicle routine and battery replacement services	894.75
1/07/2026	Animal Pest Management rodent inspection services at Peters Canyon Logistics base on 12/16/25	85.00
1/12/2026	Team lunch for G. Landeros last day at MWDOC	157.97
Total:		**1,209.89**

Municipal Water District of Orange County
GM Approved Disbursement Report [1]
For the Month of February 2026

Name/ Date	Check/ EFT	Invoice	Description	Amount
Core Disbursements:				
Urban Water Institute				
2/17/2026	144506	2236	Urban Water Institute 2026 Spring Conference in Indian Wells, CA from 02/25/26-02/27/26 - Registrations for J. Dawson, R. Crane, L. Dick, and A. Nederhood	1,780.00
Total				1,780.00
Total Core Disbursements				1,780.00
Choice Disbursements:				
Total Choice Disbursements				-
Other Funds Disbursements:				
RockDove Solutions Inc				
2/03/2026	EFT	1302	2026 Annual fees for the In Case of Crisis cloud-based Emergency Plan and Response Mobile App Program for WEROC Member Agencies and MWDOC staff	8,000.00
Total				8,000.00
Total Other Funds Disbursements				8,000.00
Total Disbursements				9,780.00

Harvey De La Torre, General Manager

Hilary Chompitazi, Treasurer

[1] For disbursements that did not make the cut-off of previous month's Disbursement Approval report. Disbursements are approved by GM for payment and need A & F Committee ratification.

MWDOC

Address:
18700 Ward Street, Unit B
Fountain Valley, California 92708

(714) 963-3058
Fax: (714) 964-9389
www.mwdoc.com

Larry D. Dick
President

Jeffery M. Thomas
Vice President

Randall Crane, Ph.D.
Director

Bob McVicker, P.E.
Director

Al Nederhood
Director

Karl W. Seckel, P.E.
Director

Megan Yoo Schneider, Ed.D., P.E.
Director

Harvey F. De La Torre
General Manager

MEMBER AGENCIES

City of Brea
City of Buena Park
East Orange County Water District
El Toro Water District
Emerald Bay Service District
City of Fountain Valley
City of Garden Grove
Golden State Water Co.
City of Huntington Beach
Irvine Ranch Water District
Laguna Beach County Water District
City of La Habra
City of La Palma
Mesa Water District
Moulton Niguel Water District
City of Newport Beach
City of Orange
Orange County Water District
City of San Clemente
Santa Margarita Water District
City of Seal Beach
Serrano Water District
South Coast Water District
Trabuco Canyon Water District
City of Tustin
City of Westminster
Yorba Linda Water District

Municipal Water District of Orange County
Consolidated Summary of Cash and Investments
January 31, 2026

District investments and cash balances are held in various funds designated for certain purposes as follows:

Fund	Book Value	% of Portfolio
Restricted Reserves		
WEROC Operating Fund	$ 474,823	2.25%
Pension 115 Trust	2,404,382	11.39%
Total Restricted Reserves	$2,879,205	13.64%
Designated Reserves		
Operating Reserves	$4,241,768	20.09%
Election Reserve	1,569,152	7.43%
OPEB Reserve	219,815	1.04%
Total Designated Reserves	$6,030,735	28.56%
General Operations Fund	$11,566,280	54.79%
Water Purchase Payments Fund	76,588	0.36%
Conservation Fund	539,573	2.56%
Trustee Activities – AMP	19,210	0.09%
Total Other Funds	$12,201,651	57.80%
Total	**$21,111,591**	**100.00%**

The funds are invested as follows:

Term of Investment	% of Portfolio	Book Value	Market Value
Cash	0.67%	$ 140,686	$ 140,686
Pension 115 Trust	11.39%	2,404,382	2,404,382
Short-term investment			
• LAIF	51.40%	10,852,357	10,852,357
• CAMP	21.86%	4,614,168	4,614,168
Long-term investment			
• US Government Issues	1.18%	249,998	249,512
• Corporate Bond	5.68%	1,200,000	1,194,741
• Certificates of Deposit	7.82%	1,650,000	1,659,234
Total	**100.00%**	**$21,111,591**	**$21,115,080**

The average number of days to maturity/call as of January 31, 2026, equaled 94, and the average yield to maturity is 3.881%. During the month of January 2026, the District's average daily balance was $25,435,067.25. Funds were invested in US Bank, Pension 115 Trust, Negotiable Certificate of Deposits, Corporate Bonds, US Government Issues, Local Agency Investment Funds (LAIF), and California Asset Management Program (CAMP).

The $3,489 difference between the book value and the market value on January 31, 2026, represents the exchange difference if all investments had been liquidated on that date. Since it is the District's practice to "buy and hold" investments until maturity, the market values are a point of reference, not an indication of actual loss or gain. There are no current plans or near-term cash flow requirements that would require the sale of these securities prior to maturity.

Harvey De La Torre
General Manager

Hilary Chumpitazi
Treasurer

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Portfolio Management - Portfolio Summary

January 31, 2026

1/31/2026	Par Value	Market Value	Book Value	% of Portfolio	Days to Mat/Call	YTM @ Cost
Negotiable Certificate Of Deposit	1,650,000.00	1,659,234.00	1,650,000.00	8.89	844	3.679
Corporate Bond	1,200,000.00	1,194,741.00	1,200,000.00	6.46	279	4.458
US Government Issues	250,000.00	249,512.50	249,998.26	1.35	26	0.860
Local Agency Investment Funds	10,852,356.69	10,852,356.69	10,852,356.69	58.45	1	3.931
California Asset Management Program	4,614,167.87	4,614,167.87	4,614,167.87	24.85	1	3.850
Total Investments	**18,566,524.56**	**18,570,012.06**	**18,566,522.82**	**100.00**	**94**	**3.881**
Cash						
Cash	140,685.69	140,685.69	140,685.69		1	0.00
Pension 115 Trust	2,404,382.02	2,404,382.02	2,404,382.02		1	0.00
Total Cash and Investments	**21,111,592.27**	**21,115,079.77**	**21,111,590.53**		**94**	**3.881**

Total Earnings	Month Ending January	Fiscal Year to Date
Current Year	**82,131.74**	**684,913.37**
Average Daily Balance	**25,435,067.25**	
Effective Rate of Return	**3.881%**	

We certify that this report reflects the cash and investments of the Municipal Water District of Orange County and is in conformity with the Government Code requirements and the District Investment Policy and Guidelines in effect at the time of investment. The Investment Program herein shown provides sufficient cash flow liquidity to meet the next six month's estimated expenditure. The source for the market values are from U.S. Bank. Per Resolution 2059 there are no compliance exceptions to report.

Harvey De La Torre, General Manager — Date: 03/05/2026

Hilary Chumpitazi, Treasurer — Date: 03/05/2026

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Portfolio Management
Short-Term Portfolio Details - Cash and Investments
January 31, 2026

Investments	CUSIP/Ticker	Settlement Date	Par Value	Market Value	Book Value	Coupon Rate	YTM @ Cost	Days To Call/Maturity	Maturity Date
Local Agency Investment Funds									
LAIF LGIP	LAIF	6/30/2010	10,852,356.69	10,852,356.69	10,852,356.69	3.931	3.931	1	N/A
Sub Total			**10,852,356.69**	**10,852,356.69**	**10,852,356.69**	**3.931**	**3.931**	**1**	
California Asset Management Program									
CAMP LGIP	CAMP6269	4/1/2025	4,614,167.87	4,614,167.87	4,614,167.87	3.850	3.850	1	N/A
Sub Total			**4,614,167.87**	**4,614,167.87**	**4,614,167.87**	**3.850**	**3.850**	**1**	
Total Investments			**15,466,524.56**	**15,466,524.56**	**15,466,524.56**	**3.907**	**3.907**	**1**	
Cash									
Petty Cash Cash	CASH	7/1/2010	500.00	500.00	500.00	0.000	0.000	1	N/A
US Bank Cash	CASHUSBANK	7/25/2018	140,185.69	140,185.69	140,185.69	0.000	0.000	1	N/A
Pension 115 Trust	PENSION115TRUST	7/31/2018	2,404,382.02	2,404,382.02	2,404,382.02	0.000	0.000	1	N/A
Total Cash			**2,545,067.71**	**2,545,067.71**	**2,545,067.71**	**0.000**	**0.000**	**1**	
Total Cash and Investments			**18,011,592.27**	**18,011,592.27**	**18,011,592.27**	**3.907**	**3.907**	**1**	

Total Earnings	Month Ending January	Fiscal Year To Date
Current Year	72,338.70	623,986.63

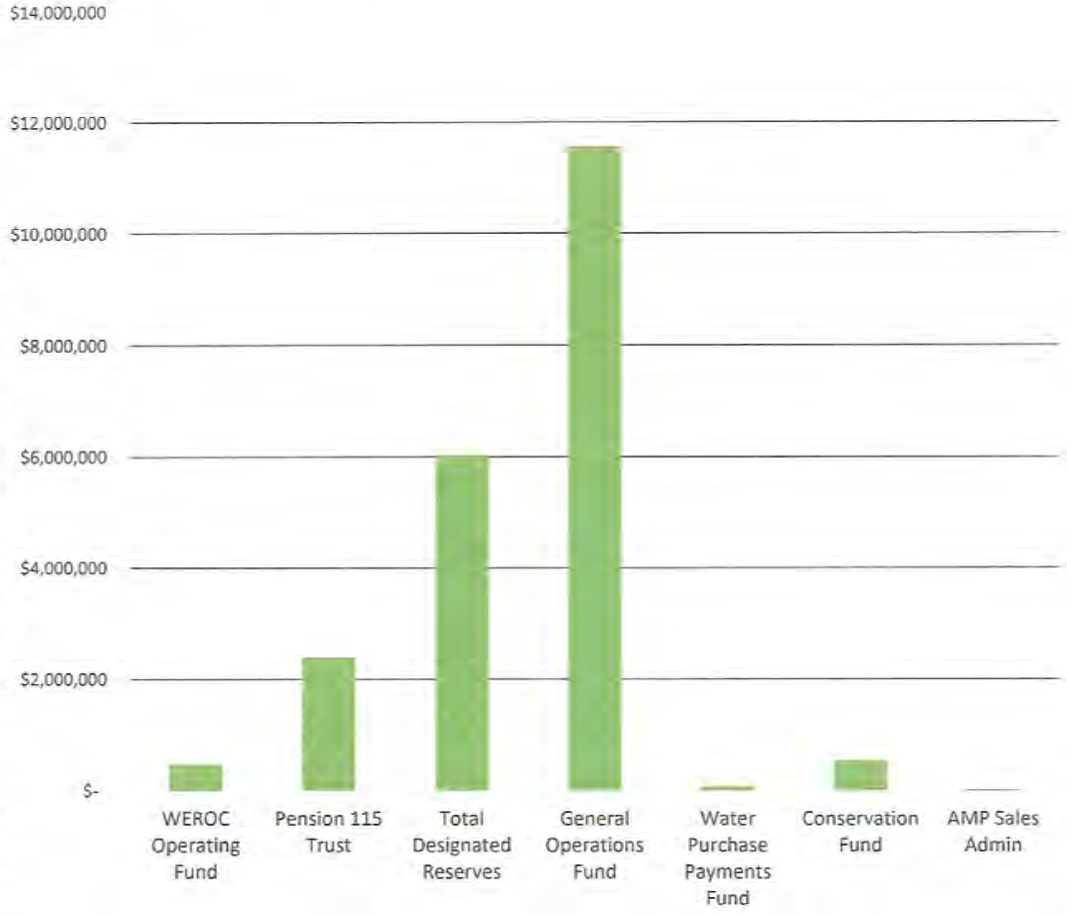
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Portfolio Management
Long-Term Portfolio Details - Investments
January 31, 2026

Issuer	CUSIP/Ticker	Settlement Date	Par Value	Market Value	Book Value	Coupon Rate	YTM @ Cost	Days To Call/Maturity	Maturity Date
Negotiable Certificate Of Deposit									
American Express Bank	02589ADE9	7/20/2022	200,000.00	198,776.00	200,000.00	3.350	3.350	535	7/20/2027
Discover Bank	2546736R2	7/26/2023	250,000.00	254,140.00	250,000.00	4.500	4.500	905	7/24/2028
Leaders Credit Union	52171MAN5	8/30/2024	250,000.00	251,180.00	250,000.00	4.000	4.000	1,307	8/30/2029
Magyar Bank	55977RCD3	7/30/2024	250,000.00	252,030.00	250,000.00	4.100	4.100	1,276	7/30/2029
Sallie Mae Bank	7954507A7	7/14/2021	200,000.00	197,488.00	200,000.00	1.000	1.000	164	7/14/2026
State Bank of India	8562852Q3	8/10/2023	250,000.00	256,175.00	250,000.00	4.550	4.550	922	8/10/2028
Toyota Financial SGS Bank	89235MPD7	9/27/2022	250,000.00	249,445.00	250,000.00	3.650	3.650	599	9/22/2027
Sub Total			**1,650,000.00**	**1,659,234.00**	**1,650,000.00**	**3.679**	**3.679**	**844**	
US Government Issues									
FHLB	3130ALGR9	3/1/2021	250,000.00	249,512.50	249,998.26	0.850	0.860	26	2/26/2026
Sub Total			**250,000.00**	**249,512.50**	**249,998.26**	**0.850**	**0.860**	**26**	
Corporate Bond									
Barclays Bank	06746CSC4	8/20/2025	250,000.00	250,262.50	250,000.00	4.500	4.500	201	8/20/2030
Citigroup Inc	17292GAL9	9/18/2025	250,000.00	245,222.50	250,000.00	4.500	4.500	230	9/18/2030
Goldman Sachs	38151FQL03	11/28/2025	250,000.00	248,540.00	250,000.00	4.250	4.250	301	11/12/2030
Morgan Stanley Fin LLC	61766YKH3	6/29/2022	200,000.00	200,486.00	200,000.00	4.500	4.500	514	6/29/2027
Wells Fargo	95001DLD0	8/18/2025	250,000.00	250,230.00	250,000.00	4.550	4.550	196	8/15/2030
Sub Total			**1,200,000.00**	**1,194,741.00**	**1,200,000.00**	**4.458**	**4.458**	**279**	
Total Investments			**3,100,000.00**	**3,103,487.50**	**3,099,998.26**	**3.752**	**3.753**	**559**	

Total Earnings	Month Ending January	Fiscal Year To Date
Current Year	9,793.04	60,926.74

Municipal Water District of Orange County
Cash and Investments at January 31, 2026

ALLOCATION	AMOUNT	%
MWDOC		
Restricted Reserves		
WEROC Operating Fund	$ 474,823	2.25%
Pension 115 Trust	2,404,382	11.39%
Total Restricted Reserves	$ 2,879,205	13.64%
Designated Reserves		
Operating Reserve	$ 4,241,768	20.09%
Election Reserve	1,569,152	7.43%
OPEB Reserve	219,815	1.04%
Total Designated Reserves	$ 6,030,735	28.56%
General Operations Fund	$ 11,566,280	54.79%
Water Purchase Payments Fund	76,588	0.36%
Conservation Fund	539,573	2.56%
Total Other Funds	$ 12,182,441	57.71%
TOTAL MWDOC	$ 21,092,381	99.91%
TRUSTEE ACTIVITIES		
AMP Sales Admin	$ 19,210	0.09%
TOTAL TRUSTEE ACTIVITIES	$ 19,210	0.09%
TOTAL CASH & INVESTMENTS	**$ 21,111,591**	**100.00%**



MUNICIPAL WATER DIST OF ORANGE COUNTY
PARS Post-Employment Benefits Trust

Account Report for the Period
1/1/2026 to 1/31/2026

Hilary Chumpitazi
Accounting Manager
Municipal Water Dist of Orange County
18700 Ward Street, Unit B
Fountain Valley, CA 92708

Account Summary

Source	Balance as of 1/1/2026	Contributions	Earnings	Expenses	Distributions	Transfers	Balance as of 1/31/2026
OPEB	$3,326,993.64	$0.00	$49,142.67	$693.12	$0.00	$0.00	$3,375,443.19
PENSION	$2,768,201.66	$0.00	$40,888.82	$576.71	$0.00	$0.00	$2,808,513.77
Totals	$6,095,195.30	$0.00	$90,031.49	$1,269.83	$0.00	$0.00	$6,183,956.96

Investment Selection

Source	
OPEB	Moderate - Strategic Blend
PENSION	Moderate - Strategic Blend

Investment Objective

Source	
OPEB	The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.
PENSION	The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.

Investment Return

Source	1-Month	3-Months	1-Year	Annualized Return 3-Years	5-Years	10-Years	Plan's Inception Date
OPEB	1.48%	2.25%	12.37%	10.80%	6.00%	7.74%	10/26/2011
PENSION	1.48%	2.25%	12.35%	10.81%	6.01%	-	7/31/2018

Information as provided by US Bank, Trustee for PARS; Not FDIC Insured; No Bank Guarantee; May Lose Value

Past performance does not guarantee future results. Performance returns may not reflect the deduction of applicable fees, which could reduce returns. Information is deemed reliable but may be subject to change.
Investment Return: Annualized rate of return is the return on an investment over a period other than one year multiplied or divided to give a comparable one-year return.
Account balances are inclusive of Trust Administration, Trustee and Investment Management fees

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

COMBINED FINANCIAL STATEMENTS

AND

BUDGET COMPARATIVE

JULY 1, 2025 THRU JANUARY 31, 2026

Municipal Water District of Orange County
Combined Balance Sheet
As of January 31, 2026

	Amount
ASSETS	
Cash in Bank	140,685.69
Investments	20,970,904.84
Accounts Receivable	18,687,258.46
Accounts Receivable - Other	127,695.85
Accrued Interest Receivable	85,147.87
Water Inventory	622,976.00
Prepaids/Deposits	413,057.82
Leasehold Improvements	7,119,285.04
Furniture, Fixtures & Equipment	1,053,854.50
Less: Accumulated Depreciation	(4,473,819.85)
TOTAL ASSETS	**44,747,046.22**
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	19,208,015.03
Accrued Salaries and Benefits Payable	942,862.43
Other Liabilities	1,878,005.67
Unearned Revenue	1,110,525.71
TOTAL LIABILITIES	**23,139,408.84**
FUND BALANCES	
Restricted Fund Balances	
WEROC Reserve	581,898.34
Pension 115 Trust	2,404,382.02
Total Restricted Fund Balances	2,986,280.36
Unrestricted Fund Balances	
Designated Reserves	
General Operations	4,241,768.00
Election Expense	1,569,152.00
OPEB	219,815.00
Total Designated Reserves	6,030,735.00
General Fund	7,044,312.19
General Fund Capital	246,408.19
Total Unrestricted Fund Balances	13,321,455.38
Excess Revenue over Expenditure	
Operating Fund	5,634,303.61
Other Funds	(334,401.97)
TOTAL FUND BALANCES	**21,607,637.38**
TOTAL LIABILITIES AND FUND BALANCES	**44,747,046.22**

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
General Fund
July 1, 2025 thru January 31, 2026

	Month to Date	Year to Date	Annual Budget	% Used	Encumbrance	Budget Remaining
REVENUES						
Retail Connection Charge	0.00	9,939,370.50	9,939,371.00	100.00%	0.00	0.50
Ground Water Customer Charge	0.00	414,371.00	414,371.00	100.00%	0.00	0.00
Water Rate Revenues	**0.00**	**10,353,741.50**	**10,353,742.00**	**100.00%**	**0.00**	**0.50**
Interest Revenue	81,565.90	712,946.78	916,000.00	77.83%	0.00	203,053.22
Subtotal	**81,565.90**	**11,066,688.28**	**11,269,742.00**	**98.20%**	**0.00**	**203,053.72**
Choice Programs	10,701.00	1,256,559.00	1,534,798.00	81.87%	0.00	278,239.00
MWD Revenue - Shared Services	46,410.00	46,410.00	297,079.00	15.62%	0.00	250,669.00
Miscellaneous Income	0.00	2,101.38	5,000.00	42.03%	0.00	2,898.62
School Contracts	19,752.17	486,880.77	511,211.00	95.24%	0.00	24,330.23
Delinquent Payment Penalty	0.00	6,682.51	0.00	0.00%	0.00	(6,682.51)
Transfer-In from Reserve	0.00	0.00	123,869.00	0.00%	0.00	123,869.00
Subtotal	**76,863.17**	**1,798,633.66**	**2,471,957.00**	**72.76%**	**0.00**	**673,323.34**
TOTAL REVENUES	**158,429.07**	**12,865,321.94**	**13,741,699.00**	**93.62%**	**0.00**	**876,377.06**

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
General Fund
July 1, 2025 thru January 31, 2026

	Month to Date	Year to Date	Annual Budget	% Used	Encumbrance	Budget Remaining
EXPENSES						
Salaries & Wages	479,986.50	3,322,283.07	5,841,489.00	56.87%	0.00	2,519,205.93
Salaries & Wages - Grant Recovery	0.00	(7,636.00)	(48,000.00)	(15.91)%	0.00	(40,364.00)
Director's Compensation	22,486.54	149,686.52	281,917.00	53.10%	0.00	132,230.48
MWD Representation	11,411.08	82,226.90	161,096.00	51.04%	0.00	78,869.10
Employee Benefits	154,413.81	1,019,067.15	1,774,275.00	57.44%	0.00	755,207.85
Employee Benefits - Grant Recovery	0.00	(1,155.14)	0.00	0.00%	0.00	1,155.14
CalPers Unfunded Liability Contribution	0.00	207,000.00	207,000.00	100.00%	0.00	0.00
Director's Benefits	11,052.78	71,663.35	158,371.00	45.25%	0.00	86,707.65
Health Insurance for Retirees	7,163.16	60,847.40	122,517.00	49.66%	0.00	61,669.60
Training Expense	7,691.00	31,785.93	84,445.00	37.64%	0.00	52,659.07
Tuition Reimbursement	0.00	4,757.00	6,500.00	73.18%	0.00	1,743.00
Temporary Help Expense	0.00	0.00	5,000.00	0.00%	0.00	5,000.00
Personnel Expenses	**694,204.87**	**4,940,526.18**	**8,594,610.00**	**57.48%**	**0.00**	**3,654,083.82**
Engineering Expense	8,575.71	213,228.90	570,000.00	37.41%	111,817.78	244,953.32
Legal Expense	22,924.56	142,849.46	260,000.00	54.94%	117,150.54	0.00
Audit Expense	0.00	27,810.00	37,445.00	74.27%	4,635.00	5,000.00
Professional Services	136,937.97	725,271.89	1,597,790.00	45.39%	924,862.87	(52,344.76)
Professional Fees	**168,438.24**	**1,109,160.25**	**2,465,235.00**	**44.99%**	**1,158,466.19**	**197,608.56**
Conference - Staff	3,329.00	20,124.00	42,497.00	47.35%	0.00	22,373.00
Conference - Directors	1,075.00	12,988.19	17,155.00	75.71%	0.00	4,166.81
Travel & Accom. - Staff	1,581.05	33,251.78	85,900.00	38.71%	0.00	52,648.22
Travel & Accom. - Directors	0.00	14,648.46	36,625.00	40.00%	0.00	21,976.54
Travel & Conference	**5,985.05**	**81,012.43**	**182,177.00**	**44.47%**	**0.00**	**101,164.57**
Membership/Sponsorship	19,032.23	208,809.07	221,386.00	94.32%	0.00	12,576.93
CDR Support	18,162.13	54,486.39	72,650.00	75.00%	18,162.15	1.46
Dues & Memberships	**37,194.36**	**263,295.46**	**294,036.00**	**89.55%**	**18,162.15**	**12,578.39**
Business Expense	70.33	2,689.08	5,500.00	48.89%	0.00	2,810.92
Office Maintenance	9,527.05	82,924.26	156,000.00	53.16%	67,389.15	5,686.59
Building Repair & Maintenance	4,609.03	53,832.15	57,200.00	94.11%	7,736.13	(4,368.28)
Storage Rental & Equipment Lease	74.15	519.05	1,125.00	46.14%	605.95	0.00
Office Supplies	1,350.02	12,542.61	28,000.00	44.80%	2,237.07	13,220.32
Supplies - Water Loss Control	82.55	1,242.25	4,000.00	31.06%	0.00	2,757.75
Postage/Mail Delivery	805.83	4,438.85	9,450.00	46.97%	616.58	4,394.57
Subscriptions & Books	2,958.36	7,213.35	10,000.00	72.13%	0.00	2,786.65
Reproduction Expense	9,920.04	79,139.14	108,500.00	72.94%	3,616.63	25,744.23
Maintenance - Computers	0.00	6,310.77	15,850.00	39.82%	0.00	9,539.23
Software Purchase	9,809.15	79,285.27	271,731.00	29.18%	73,632.00	118,813.73
Software Support	700.00	1,462.50	20,000.00	7.31%	0.00	18,537.50
Computers and Equipment	292.38	14,667.21	45,250.00	32.41%	0.00	30,582.79
Automotive Expense	781.16	6,511.08	11,600.00	56.13%	0.00	5,088.92
Vehicle Expense	497.97	5,425.83	10,000.00	54.26%	0.00	4,574.17
Toll Road Charges	32.91	778.71	950.00	81.97%	0.00	171.29
Insurance Expense	19,446.96	124,876.62	234,150.00	53.33%	0.00	109,273.38
Utilities - Telephone	4,570.06	28,189.45	49,586.00	56.85%	379.58	21,016.97
Bank Fees	167.79	167.79	2,400.00	6.99%	0.00	2,232.21
Miscellaneous Expense	9,376.87	61,161.38	181,200.00	33.75%	4,200.00	115,838.62
MWDOC's Contrb. to WEROC	29,429.04	206,003.32	353,149.00	58.33%	0.00	147,145.68
Depreciation Expense	6,321.90	44,252.80	0.00	0.00%	0.00	(44,252.80)
Other Expenses	**110,823.55**	**823,633.47**	**1,575,641.00**	**52.27%**	**160,413.09**	**591,594.44**
Election Expense	0.00	0.00	605,000.00	0.00%	0.00	605,000.00
Capital Aquisition	0.00	11,402.03	25,000.00	45.61%	0.00	13,597.97
Building Expense	0.00	1,988.51	0.00	0.00%	0.00	(1,988.51)
TOTAL EXPENSES	**1,016,646.07**	**7,231,018.33**	**13,741,699.00**	**52.62%**	**1,337,041.43**	**5,173,639.24**
NET INCOME (LOSS)	**(858,217.00)**	**5,634,303.61**	**0.00**	**0.00%**	**(1,337,041.43)**	**(4,297,262.18)**

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
Water Fund
July 1, 2025 thru January 31, 2026

	Month to Date	Year to Date	Annual Budget	% Used	Budget Remaining
WATER REVENUES					
Water Sales	6,587,185.20	89,718,825.30	175,492,249.00	51.12%	85,773,423.70
Readiness to Serve Charge	1,501,997.35	10,183,220.45	16,934,350.00	60.13%	6,751,129.55
Capacity Charge CCF	340,750.00	2,526,700.00	4,624,125.00	54.64%	2,097,425.00
SCP/SAC Pipeline Surcharge	23,661.24	206,735.92	443,000.00	46.67%	236,264.08
TOTAL WATER REVENUES	**8,453,593.79**	**102,635,481.67**	**197,493,724.00**	**51.97%**	**94,858,242.33**
WATER PURCHASES					
Water Sales	6,587,185.20	89,718,825.30	175,492,249.00	51.12%	85,773,423.70
Readiness to Serve Charge	1,501,997.35	10,183,220.45	16,934,350.00	60.13%	6,751,129.55
Capacity Charge CCF	340,750.00	2,526,700.00	4,624,125.00	54.64%	2,097,425.00
SCP/SAC Pipeline Surcharge	23,661.24	206,735.92	443,000.00	46.67%	236,264.08
TOTAL WATER PURCHASES	**8,453,593.79**	**102,635,481.67**	**197,493,724.00**	**51.97%**	**94,858,242.33**
EXCESS OF REVENUE OVER EXPENDITURE	**0.00**	**0.00**	**0.00**	**0.00%**	**0.00**

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
Water Use Efficiency
July 1, 2025 thru January 31, 2026

	Year to Date Actual	Annual Budget	% Used
HECW Rebate Program(3411)			
Revenues	24,281.12	49,236.00	49.32%
Expenses	22,535.00	49,236.00	45.77%
Excess of Revenues over Expenditures	1,746.12	0.00	
CII Rebate Program(3416)			
Revenues	0.00	1,000.00	0.00%
Expenses	0.00	1,000.00	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
Turf Removal Program(3418)			
Revenues	4,816,359.81	5,501,750.00	87.54%
Expenses	4,837,172.13	5,501,750.00	87.92%
Excess of Revenues over Expenditures	(20,812.32)	0.00	
Tree Incentive Program(3420)			
Revenues	25,400.00	50,000.00	50.80%
Expenses	26,000.00	50,000.00	52.00%
Excess of Revenues over Expenditures	(600.00)	0.00	
Spray To Drip Conversion(3423)			
Revenues	833,143.34	995,000.00	83.73%
Expenses	1,031,348.42	995,000.00	103.65%
Excess of Revenues over Expenditures	(198,205.08)	0.00	
Member Agency Administered Pass-Thru(3425)			
Revenues	0.00	75,000.00	0.00%
Expenses	0.00	75,000.00	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
Comprehensive Landscape (CLWUE) (3427)			
Revenues	87,735.19	226,882.88	38.67%
Expenses	115,328.09	226,882.88	50.83%
Excess of Revenues over Expenditures	(27,592.90)	0.00	
Framework TAP(3429)			
Revenues	173,913.85	1,222,638.40	14.22%
Expenses	299,806.12	1,222,638.40	24.52%
Excess of Revenues over Expenditures	(125,892.27)	0.00	
Land Design Program(3431)			
Revenues	30,099.00	59,000.00	51.02%
Expenses	29,099.00	59,000.00	49.32%
Excess of Revenues over Expenditures	1,000.00	0.00	

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
Water Use Efficiency
July 1, 2025 thru January 31, 2026

	Year to Date Actual	Annual Budget	% Used
WSIP - Industrial Program(3432)			
Revenues	19,323.72	36,250.10	53.31%
Expenses	19,323.72	36,250.10	53.31%
Excess of Revenues over Expenditures	0.00	0.00	
Recycled Water Program(3433)			
Revenues	2,479.75	62,640.50	3.96%
Expenses	2,479.75	62,640.50	3.96%
Excess of Revenues over Expenditures	0.00	0.00	
Dedicated Irrigation Meters Measurement Project (DIMM)(3439)			
Revenues	18,330.00	70,000.00	26.19%
Expenses	33,835.71	70,000.00	48.34%
Excess of Revenues over Expenditures	(15,505.71)	0.00	
SAWPA-USBR LAM(3440)			
Revenues	0.00	100.00	0.00%
Expenses	0.00	100.00	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
Total WUE Projects			
Revenues	6,031,065.78	8,349,497.88	72.23%
Expenses	6,416,927.94	8,349,497.88	76.85%
Excess of Revenues over Expenditures	(385,862.16)	0.00	
WEROC			
Revenues	559,151.85	710,997.00	78.64%
Expenses	474,542.29	710,997.00	66.74%
Excess of Revenues over Expenditures	84,609.56	0.00	

Item No. 3

PRESENTATION ITEM
March 11, 2026

TO: **Board of Directors**

FROM: **Harvey De La Torre, General Manager**

Staff Contact: Angela Crespi, District Secretary

SUBJECT: **SUSTAIN SOUTHERN CALIFORNIA (PRESENTATION BY C. SCOTT KITCHER)**

STAFF RECOMMENDATION

Staff recommends the Board of Directors receive the presentation.

REPORT

Purpose

Municipal Water District of Orange County (MWDOC or District) staff invited C. Scott Kitcher, President and Chief Executive Officer of Sustain Southern California (Sustain SoCal), to provide background information on the organization and outline the potential benefits of District membership.

Discussion

At the February 11, 2026 Administration & Finance Committee meeting, the Board of Directors (Board) reviewed the 1st Draft Budget for Fiscal Years 2026-27 and 2027-28. As part of that discussion, the Board considered funding an annual membership with Sustain SoCal and directed staff to invite a representative to provide an overview of the organization and the benefits associated with membership.

MWDOC staff invited Sustain SoCal President and Chief Executive Officer C. Scott Kitcher to present background information on the organization and its membership opportunities. Sustain SoCal offers a range of membership and sponsorship options that provide opportunities to engage with stakeholders throughout Southern California and beyond, participate in educational programs, and enhance organizational visibility. Additional information is available on Sustain SoCal's website.

ALIGNMENT WITH BOARD STRATEGIC PRIORITIES

☒ *Clarifying MWDOC's mission and role; defining functions and actions.*
☐ *Balance support for Metropolitan's regional mission and OC values and interests.*
☐ *Strengthen communication and coordination of messaging.*
☐ *Work with member agencies to develop water supply and demand objectives.*
☐ *Solicit input and feedback from member agencies.*
☐ *Invest in workforce development and succession planning.*

Attachments/Links:
Link 1: https://sustainsocal.org/ Link 2: https://sustainsocal.org/membership/

Item No. 4

DISCUSSION ITEM
March 11, 2026

TO: **Administration & Finance Committee**

FROM: **Harvey De La Torre, General Manager**

Staff Contact: Melissa Baum-Haley, Assistant General Manager
Hilary Chumpitazi, Director of Finance/IT

SUBJECT: **MWDOC 2ND DRAFT BUDGET FOR FISCAL YEARS 2026-27 & 2027-28**

STAFF RECOMMENDATION

Staff recommends the Administration & Finance Committee review and discuss the 2nd Draft Budget for Fiscal Years 2026-27 and 2027-28.

REPORT

Purpose

This item presents the 2nd Draft Biennial Budget for Fiscal Years 2026-27 and 2027-28 for the Administration & Finance (A&F) Committee's review and discussion. The 2nd Draft incorporates feedback received during the February 11 A&F Committee meeting and continued Member Agency Choice-funded program participation feedback. Staff is seeking Committee input for the Final Draft Budget, which is scheduled for presentation at the April 8 A&F Committee meeting and anticipated for Board of Directors (Board or Director) adoption on April 15, 2026.

Discussion

The Municipal Water District of Orange County (MWDOC or District) Budget schedule was set up to facilitate the budget and rate schedules of our Member Agencies. On February 11, staff presented the 1st Draft Budget to the A&F Committee. The 2nd Draft Budget, incorporating comments from the February A&F Committee discussion and any from our Member Agencies, will be presented at the A&F Committee meeting on March 11. The 3rd (FINAL) Draft Budget presentation is scheduled for the A&F Committee meeting on April 8, with anticipated adoption of the FINAL Biennial Budget for Fiscal Years (FY) 2026-27 and 2027-28 at the Board meeting on April 15.

Included is a Budget Narrative list of proposed key financial changes, adjustments, and annotations, along with the reserve policy targets and the proposed employee merit pool percentage. The Budget Narrative also includes a detailed description of the District's key priorities and initiatives by cost center for FYs 2026-27 and 2027-28.

Budget Highlights

Pertinent aspects of MWDOC's 2nd Draft Budget for FYs 2026-27 and 2027-28 include:

Proposed Rates and Charges

- Charges are calculated under the rate structure methodology adopted by the MWDOC Board:
  - A proposed retail meter service rate of $15.70 per retail meter for FY 2026-27, an increase of $0.45 **(2.95%),** and $16.25 per retail meter for FY 2027-28, an increase of $0.55 **(3.50%)**. This is consistent with last year's Budget-projected rate increase, adhering to the notion of modest and gradual rate increases; and
  - A proposed Groundwater Customer Charge of $427,658 for FY 2026-27, an increase of $13,287 **(3.21%),** and $441,989 for FY 2027-28, an increase of $14,331 **(3.35%)**.

Revenue Highlights

- **Total Revenue:** FY 2026-27 total revenue of $205,051,282 includes Core, Choice, water sales, outside funding, and Water Emergency Response Organization of Orange County (WEROC). This is an overall decrease of -$15,271,097 (-6.93%), mainly due to the water sales projections for FY 2026-27. FY 2027-28 total revenue is $225,737,035.
  - **Consolidated (Core and Choice) Revenue:** FY 2026-27 Consolidated (Core and Choice) Budget is $15,070,469 (revenue). This is an increase of $1,302,310 (9.5%) over the FY 2025-26 Budget, mainly due to an increase in Choice Program activity, which will be refined at the mid-cycle review. FY 2027-28 Consolidated (Core and Choice) Budget is $15,330,766. Note: The Consolidated Budget does not include Outside Funding for Water Use Efficiency (WUE) programs.
    - **Core Revenue:** FY 2026-27 total revenue for the Core Budget is $12,026,760, an increase of $629,501 (5.5%) over FY 2025-26 Budget. The anticipated interest revenues are budgeted at $962,952, a $46,952 increase (5.1%) to reflect current market earnings. FY 2027-28 total revenue for the Core Budget is $12,161,340.
    - **Choice Revenue:** FY 2026-27 Choice revenue and expenses are balanced at $3,043,709, an increase of $672,809 (28.4%) over the FY 2025-26 Budget. FY 2027-28 Choice revenue and expenses are balanced

at $3,169,426. Both years will be refined at the mid-cycle review based on final Member Agency participation.

- **Outside Funding:** FY 2026-27 outside funding used by WUE from rebates and grants is budgeted at $6,942,515, a decrease of -$1,406,983 (-16.9%) in funding over the FY 2025-26 Budget. This is mainly due to a decrease in anticipated activity in the Metropolitan Water District of Southern California (Metropolitan) regional rebate program. FY 2027-28 outside funding is budgeted at $6,235,562, a decrease of -$706,953 (-10.2%) from FY 2026-27.

Expense Highlights

- **Total Core Expenses:** The total expenses for the Core Budget for FY 2026-27 are $11,971,997, an increase of $573,386 (5.0%) over FY 2025-26 Budget. Total expenses for the Core Budget for FY 2027-28 are $12,220,741, an increase of $248,744 (2.1%). The most significant drivers of increased Core expenses are Consulting Services, Building Expenses, and Employee Salaries/Benefits.
  - **Consulting Services:** The increase in Consulting Services expenses is due to several Engineering efforts, including pass-through-funded Shared Services, as well as the Comprehensive Salary and Benefits Study.
  - **Building Expenses:** Building maintenance and facility improvements, including the completion of the Joint Boardroom audio-video system, installation of shading material, and a noise-cancelling system to reduce office noise.
  - **Succession Planning (FY 2027-28):** FY 2027-28 includes an increase to Employee Salaries/Benefits for succession planning to prepare for the retirement of critical employees.
- **Budget Reorganization:** This Biennial Budget includes expense reassignments to more appropriately capture the breadth of MWDOC's activities and Shared Services efforts for more efficient management and tracking (for example, the transfer of Center for Demographic Research (CDR) support from Administration to Engineering cost centers and the centralization of all District-wide software subscriptions in the Information Technology (IT) cost center).

Impacts on Reserves

- The proposed 2nd Draft Budget estimates a net put of $54,763 into reserves for FY 2026-27 and estimates a net draw of -$59,401 from reserves for FY 2027-28.

Other Highlights

- **Total Water Budget:** The proposed Total Water Budget for FY 2026-27 includes Water Purchases of 119,158 acre-feet (AF) and anticipated Local Resource Program incentives of $2,872,750, a decrease of -$967,826 (-25.2%) from the FY 2025-26 Budget. The proposed Total Water Budget for FY 2027-28 includes Water Purchases of 124,158 AF and the anticipated Local Resource Program incentives

of $2,987,660. Year 2 projections are preliminary and will be refined at the mid-cycle review based on Metropolitan's adopted rates and charges

- **Compensation Pool:** For FY 2026-27, the 2025 annual Consumer Price Index (CPI) of 3.20% for the region yields a compensation pool of 5.92%, which was used to calculate the increase in employee salary expense. For FY 2027-28, the University of California, Los Angeles (UCLA) Anderson School economic forecast projects a regional CPI of 3.35%, yielding a preliminary compensation pool of 6.20%, which will be refined at the mid-cycle review based on actual 2026 CPI data. No COLA (Cost of Living Adjustment) is being proposed.
- **Staffing Levels:** For FY 2026-27, the overall staffing level decreases by 0.4 Full-Time Equivalent (FTE) due to organizational restructuring, including the transition of a Choice-funded finance position to Core funding and the repurposing of other positions. This resulted in a 1.3 FTE decrease in Choice-funded staffing and a 0.9 FTE increase in Core-funded staffing. FY 2027-28 includes an overall increase of 1.3 FTEs due to succession planning to prepare for the retirement of critical employees.

Key Priorities and Initiatives

MWDOC's functions and services span several key areas in support of its Member Agencies and Orange County's long-term water reliability. At the core of MWDOC's work is Metropolitan representation and water policy, through which MWDOC monitors, analyzes, and engages on Metropolitan policy, rates, and regional water supply issues to ensure Orange County's interests are represented in decisions that affect the cost and reliability of imported water. MWDOC also provides long-term water supply and demand analysis and infrastructure coordination with Metropolitan, as well as administers the Water Emergency Response Organization of Orange County (WEROC), which delivers emergency management services to 36 water and wastewater agencies across the county. The District conducts federal, state, and local legislative advocacy on issues critical to Orange County's water future.

MWDOC's Choice-based Shared Services programs have grown significantly in recent years, reflecting strong and expanding Member Agency participation. By pooling resources across the service area, these programs provide Member Agencies with access to high-quality, professionally managed services, from conservation compliance support to leak detection and water education, at a fraction of the cost of implementing them individually. In support of water use efficiency, MWDOC administers a broad menu of landscape and indoor water efficiency programs, rebates, and grants on behalf of Member Agencies, leveraging Metropolitan and federal funding to minimize local costs while supporting state regulatory compliance. MWDOC's Water Loss Control program complements these efforts by providing technical assistance, leak detection, meter accuracy testing, and pressure surveys that help Member Agencies reduce system losses, comply with state regulations, and avoid costly infrastructure damage. The District further supports Member Agencies with the K-12 water education and workforce development programs throughout Orange County.

Items Incorporated in the 2nd Draft Budget

The following initiatives are now incorporated into the 2nd Draft Budget:

Orange County Taxpayers Association Membership

- The Orange County Taxpayers Association (OC TAX) is a nonpartisan organization that promotes efficient, economical, and accountable government in Orange County. OC TAX hosts events, publishes research, and facilitates dialogue among business leaders, elected officials, and community stakeholders on fiscal policy issues. Membership would provide MWDOC with enhanced visibility among Orange County's business and civic leadership, opportunities to educate key stakeholders about water supply reliability and infrastructure needs, and a platform to advocate for sound policies that support long-term water system sustainability. Members receive analyses of tax and spending proposals, meet regularly with government leaders, and have a clear voice in public policy issues. In addition, OC TAX hosts regular events with the Orange County federal, state, and local delegations, providing additional opportunities for engagement and advocacy. Membership levels and associated benefits vary, ranging from $150 to $20,000. Membership at the $2,500 level provides benefits comparable to those of other membership organizations but at a slightly lower cost. The Board will consider whether an OC TAX membership aligns with MWDOC's strategic priorities and communication objectives.
    - Estimated Cost: $2,500 per year, initiating in FY 2026-27.

Director Compensation Adjustment

- Pursuant to Chapter 2 of Division 10 of the Water Code of the State of California (Water Code § 20202), Director compensation may be increased by a maximum of 5% for each consecutive calendar year since the last approved compensation adjustment. The last Director compensation increase was approved in April 2025 at 2.5% ($327.43 to $335.62) for FY 2025-26. For FY 2026-27, the Board could approve an increase of up to 5.0%. If aligned with the proposed employee compensation pool methodology, the adjustment would be the lesser of the calculated pool percentage (5.96%) or the statutory maximum (5.0%), resulting in a 5.0% increase. For FY 2027-28, an additional increase of up to 5.0% could be considered. The Board will need to determine whether to include Director compensation adjustments in the Budget and, if so, at what level within the statutory maximum.
    - Staff Recommendation: For budgeting purposes, Director compensation adjustments have been included at CPI estimates, not to exceed statutory requirements.
    - Estimated Cost: $17,062 in FY 2026-27 based on Urban CPI at 3.20% plus $2,880 cost to post required notice; and $18,679 in FY 2027-28 based on UCLA Anderson School economic forecast model CPI estimated at 3.35% plus $2,995 cost to post required notice.

Items NOT Included in the 2nd Draft Budget

The following items are not incorporated into the 2nd Draft Budget and are presented for Board discussion and direction for potential inclusion in subsequent drafts:

MWDOC Reliability Study Update

- MWDOC's last comprehensive Water Reliability Study was completed in 2023. An updated study would assess current and projected water supply reliability for Orange County, evaluate the adequacy of existing and planned water supply portfolios, analyze potential supply disruption scenarios, and provide recommendations for enhancing regional water supply resilience. The study would incorporate recent developments, including Metropolitan's Climate Adaptation Master Plan for Water (CAMP4W), Pure Water Southern California, Colorado River post-2026 guidelines, State Water Project conditions, and local resource development. An updated Water Reliability Study would provide critical analytical support for MWDOC's advocacy on Metropolitan issues, inform Member Agency planning processes, and guide the organization's strategic priorities. Estimated cost: $450,000 spread over two years initiating in FY 2027-28.
    - Staff Recommendation: Based on feedback received, staff recommends Board discussion at mid-cycle point to review timing for initiation of study.
    - Estimated Cost: $225,000 in first year of study period covered via reserve funds; and up to $225,000 in second year of study period based on assessment of study costs.

Sustain Southern California Membership

- Sustain Southern California (Sustain SoCal) accelerates cleantech economic growth and sustainability initiatives through innovation, collaboration, and education, fostering cooperation among the public, private, and academic sectors. Membership would position MWDOC at the intersection of water, energy, and cleantech across the region, with benefits including cross-sector networking, exposure to emerging water-management technologies, enhanced visibility, and engagement in legislation and policy. Mentorship and strategic partnership opportunities align with MWDOC's commitment to innovation and regional leadership.
    - Estimated Cost: $2,000 per year, initiating in FY 2026-27.

Next Steps

Staff recommends the Administration & Finance Committee review and discuss the 2nd Draft Budget for Fiscal Years 2026-27 and 2027-28. Comments from the A&F Committee discussion and any from our member Agencies will be incorporated in the Final Draft Biennial Budget.

ALIGNMENT WITH BOARD STRATEGIC PRIORITIES

☒ *Clarifying MWDOC's mission and role; defining functions and actions.*
☐ *Balance support for Metropolitan's regional mission and OC values and interests.*
☐ *Strengthen communication and coordination of messaging.*
☐ *Work with member agencies to develop water supply and demand objectives.*
☒ *Solicit input and feedback from member agencies.*
☒ *Invest in workforce development and succession planning.*

Attachments/Links:
Attachment 1: 2nd Draft Budget Narrative
Attachment 2: 2nd Draft Budget Tables
Attachment 3: 2nd Draft Budget Presentation

Municipal Water District of Orange County

March 2026

2nd Draft Budget for Fiscal Years 2026-27 & 2027-28



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KEY TOPICS

BUDGET OVERVIEW **5**

GENERAL MANAGER'S TRANSMITTAL LETTER **10**

DISTRICT OVERVIEW **12**

1. MWDOC BUDGET PROCESS & SCHEDULE **14**

2. MWDOC BUDGET PRINCIPLES **16**

3. DISTRICT RESERVES **17**

4. COMPENSATION GUIDELINES **18**

5. BUDGET INPUT FROM MEMBER AGENCIES **21**

6. KEY PRIORITIES & INITIATIVES **22**

Board Relations 24
Administration & Overhead 26
Human Resources 29
Finance & Information Technology 31
Communications, Education & Outreach 35
Engineering & Planning 40
Water Emergency Response 42
Water Use Efficiency 45
Water Loss Control 48
Metropolitan & Water Resources 51
Government Affairs & Policy 53

7. CHOICE & SHARED SERVICES PROGRAMS FOR FY 2026-27 AND 2027-28 ..... **55**

Permanent Choice Programs 55
Limited-Term Shared Services Programs 57

8. WATER RATES AND CHARGES **58**

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BUDGET OVERVIEW

The Municipal Water District of Orange County (MWDOC or District) serves as the Metropolitan Water District of Southern California (Metropolitan) Member Agency representative for the majority of Orange County, advocating on behalf of its 27 Member Agencies, which include 13 cities, 13 water districts, and one groundwater wholesale agency, to ensure reliable, cost-effective water supplies for Orange County residents and ratepayers.

The MWDOC Budget schedule was set up to facilitate the budget and rate schedules of our Member Agencies. On February 11, staff presented the 1st Draft Budget to the Administration & Finance (A&F) Committee. The 2nd Draft Budget, incorporating comments from the February A&F Committee discussion and any from our Member Agencies, will be presented at the A&F Committee meeting on March 11. The 3rd (FINAL) Draft Budget presentation is scheduled for the A&F Committee meeting on April 8, with anticipated adoption of the FINAL Biennial Budget for Fiscal Years (FY) 2026-27 and 2027-28 at the Board of Directors (Board or Director) meeting on April 15.

Included is a Budget Narrative list of proposed key financial changes, adjustments, and annotations, along with the reserve policy targets and the proposed employee merit pool percentage. The Budget Narrative also includes a detailed description of the District's key priorities and initiatives by cost center for FY 2026-27 and FY 2027-28.

BUDGET HIGHLIGHTS

Pertinent aspects of MWDOC's 2nd Draft Budget for FY 2026-27 and FY 2027-28 include:

PROPOSED RATES AND CHARGES

- Charges are calculated under the rate structure methodology adopted by the MWDOC Board:
  - A proposed retail meter service rate of $15.70 per retail meter for FY 2026-27, an increase of $0.45 **(2.95%),** and $16.25 per retail meter for FY 2027-28, an increase of $0.55 **(3.50%)**. This is consistent with last year's Budget-projected rate increase, adhering to the notion of modest and gradual rate increases; and
  - A proposed Groundwater Customer Charge of $427,658 for FY 2026-27, an increase of $13,287 **(3.21%),** and $441,989 for FY 2027-28, an increase of $14,331 **(3.35%)**.

REVENUE HIGHLIGHTS

- **Total Revenue:** FY 2026-27 total revenue of $205,051,282 includes Core, Choice, water sales, outside funding, and Water Emergency Response Organization of Orange County (WEROC). This is an overall decrease of -$15,271,097 (-6.93%), mainly due to the water sales projections for FY 2026-27. FY 2027-28 total revenue is $225,737,035.
  - **Consolidated (Core and Choice) Revenue:** FY 2026-27 Consolidated (Core and Choice) Budget is $15,070,469 (revenue). This is an increase of $1,302,310 (9.5%) over the FY 2025-26 Budget, mainly due to an increase in Choice Program activity, which will be refined at the mid-cycle review. FY 2027-28 Consolidated (Core and Choice) Budget is $15,330,766. Note: The Consolidated Budget does not include Outside Funding for Water Use Efficiency (WUE) programs.
    - **Core Revenue:** FY 2026-27 total revenue for the Core Budget is $12,026,760, an increase of $629,501 (5.5%) over FY 2025-26 Budget. The anticipated interest revenues are

budgeted at $962,952, a $46,952 increase (5.1%) to reflect current market earnings. FY 2027-28 total revenue for the Core Budget is $12,161,340.

- **Choice Revenue:** FY 2026-27 Choice revenue and expenses are balanced at $3,043,709, an increase of $672,809 (28.4%) over the FY 2025-26 Budget. FY 2027-28 Choice revenue and expenses are balanced at $3,169,426. Both years will be refined at the mid-cycle review based on final Member Agency participation.

- **Outside Funding:** FY 2026-27 outside funding used by WUE from rebates and grants is budgeted at $6,942,515, a decrease of -$1,406,983 (-16.9%) in funding over the FY 2025-26 Budget. This is mainly due to a decrease in anticipated activity in the Metropolitan Water District of Southern California (Metropolitan) regional rebate program. FY 2027-28 outside funding is budgeted at $6,235,562, a decrease of -$706,953 (-10.2%) from FY 2026-27.

EXPENSE HIGHLIGHTS

- **Total Core Expenses:** The total expenses for the Core Budget for FY 2026-27 are $11,971,997, an increase of $573,386 (5.0%) over FY 2025-26 Budget. Total expenses for the Core Budget for FY 2027-28 are $12,220,741, an increase of $248,744 (2.1%). The most significant drivers of increased Core expenses are Consulting Services, Building Expenses, and Employee Salaries/Benefits.
  - **Consulting Services:** The increase in Consulting Services expenses is due to several Engineering efforts, including pass-through-funded Shared Services, as well as the Comprehensive Salary and Benefits Study.
  - **Building Expenses:** Building maintenance and facility improvements, including the completion of the Joint Boardroom audio-video system, installation of shading material, and a noise-cancelling system to reduce office noise.
  - **Succession Planning (FY 2027-28):** FY 2027-28 includes an increase to Employee Salaries/Benefits for succession planning to prepare for the retirement of critical employees.
- **Budget Reorganization:** This Biennial Budget includes expense reassignments to more appropriately capture the breadth of MWDOC's activities and Shared Services efforts for more efficient management and tracking (for example, the transfer of Center for Demographic Research (CDR) support from Administration to Engineering cost centers and the centralization of all District-wide software subscriptions in the Information Technology (IT) cost center).

IMPACTS ON RESERVES

- The proposed 2nd Draft Budget estimates a net put of $54,763 into reserves for FY 2026-27 and estimates a net draw of -$59,401 from reserves for FY 2027-28.

OTHER HIGHLIGHTS

- **Total Water Budget:** The proposed Total Water Budget for FY 2026-27 includes Water Purchases of 119,158 acre-feet (AF) and anticipated Local Resource Program incentives of $2,872,750, a decrease of -$967,826 (-25.2%) from the FY 2025-26 Budget. The proposed Total Water Budget for FY 2027-28 includes Water Purchases of 124,158 AF and the anticipated Local Resource Program incentives of $2,987,660. Year 2 projections are preliminary and will be refined at the mid-cycle review based on Metropolitan's adopted rates and charges.

- **Compensation Pool:** For FY 2026-27, the 2025 annual Consumer Price Index (CPI) of 3.20% for the region yields a compensation pool of 5.92%, which was used to calculate the increase in employee salary expense. For FY 2027-28, the University of California, Los Angeles (UCLA) Anderson School economic forecast projects a regional CPI of 3.35%, yielding a preliminary compensation pool of 6.20%, which will be refined at the mid-cycle review based on actual 2026 CPI data. No COLA (Cost of Living Adjustment) is being proposed.
- **Staffing Levels:** For FY 2026-27, the overall staffing level decreases by 0.4 Full-Time Equivalent (FTE) due to organizational restructuring, including the transition of a Choice-funded finance position to Core funding and the repurposing of other positions. This resulted in a 1.3 FTE decrease in Choice-funded staffing and a 0.9 FTE increase in Core-funded staffing. FY 2027-28 includes an overall increase of 1.3 FTEs due to succession planning to prepare for the retirement of critical employees.

KEY PRIORITIES AND INITIATIVES

MWDOC's functions and services span several key areas in support of its Member Agencies and Orange County's long-term water reliability. At the core of MWDOC's work is Metropolitan representation and water policy, through which MWDOC monitors, analyzes, and engages on Metropolitan policy, rates, and regional water supply issues to ensure Orange County's interests are represented in decisions that affect the cost and reliability of imported water. MWDOC also provides long-term water supply and demand analysis and infrastructure coordination with Metropolitan, as well as administers the Water Emergency Response Organization of Orange County (WEROC), which delivers emergency management services to 36 water and wastewater agencies across the county. The District conducts federal, state, and local legislative advocacy on issues critical to Orange County's water future.

MWDOC's Choice-based Shared Services programs have grown significantly in recent years, reflecting strong and expanding Member Agency participation. By pooling resources across the service area, these programs provide Member Agencies with access to high-quality, professionally managed services, from conservation compliance support to leak detection and water education, at a fraction of the cost of implementing them individually. In support of water use efficiency, MWDOC administers a broad menu of landscape and indoor water efficiency programs, rebates, and grants on behalf of Member Agencies, leveraging Metropolitan and federal funding to minimize local costs while supporting state regulatory compliance. MWDOC's Water Loss Control program complements these efforts by providing technical assistance, leak detection, meter accuracy testing, and pressure surveys that help Member Agencies reduce system losses, comply with state regulations, and avoid costly infrastructure damage. The District further supports Member Agencies with the K-12 water education and workforce development programs throughout Orange County.

NEW ITEMS INCLUDED FOR FY 2026-27 & FY 2027-28

The following new initiatives were previously incorporated into the 1st Draft Budget:

COMPREHENSIVE SALARY AND BENEFITS STUDY

- As MWDOC maintains its commitment to succession planning and prepares for upcoming retirements and recruitments, a comprehensive understanding of both salary and benefits competitiveness is essential to attract and retain top talent. While the District's policy is to perform a Salary Benchmark

Survey every three years (last completed in Spring 2024, with the next scheduled for Fall 2026-Spring 2027), these surveys do not closely evaluate the benefits component or compare MWDOC's benefits to those of similar agencies. Staff proposes initiating a Comprehensive Salary and Benefits Study early in FY 2026-27. The concurrent review of the District's benefits and salaries will provide an opportunity for cost savings by reducing duplicative analysis and will yield a comprehensive set of recommended changes that support one another.

- Estimated cost: $60,000 in FY 2026-27.

EXPANSION OF EDUCATION PROGRAM INITIATIVES

- This increase supports the expansion of education and workforce development programming, including new Career Technical Education partnerships, teacher training and professional learning opportunities, engagement with post-secondary institutions, student-focused events, and regional workforce collaboration initiatives.
    - Estimated Cost: $10,000 increase to the Education Initiatives allocation within the Cost Center 32 would raise the total from $35,000 to $45,000 for FY 2026–27 and FY 2027–28.

ITEMS INCORPORATED IN THE 2ND DRAFT BUDGET

The following initiatives are now incorporated into the 2nd Draft Budget:

ORANGE COUNTY TAXPAYERS ASSOCIATION MEMBERSHIP

- The Orange County Taxpayers Association (OC TAX) is a nonpartisan organization that promotes efficient, economical, and accountable government in Orange County. OC TAX hosts events, publishes research, and facilitates dialogue among business leaders, elected officials, and community stakeholders on fiscal policy issues. Membership would provide MWDOC with enhanced visibility among Orange County's business and civic leadership, opportunities to educate key stakeholders about water supply reliability and infrastructure needs, and a platform to advocate for sound policies that support long-term water system sustainability. Members receive analyses of tax and spending proposals, meet regularly with government leaders, and have a clear voice in public policy issues. In addition, OC TAX hosts regular events with the Orange County federal, state, and local delegations, providing additional opportunities for engagement and advocacy. Membership levels and associated benefits vary, ranging from $150 to $20,000. Membership at the $2,500 level provides benefits comparable to those of other membership organizations but at a slightly lower cost. The Board will consider whether an OC TAX membership aligns with MWDOC's strategic priorities and communication objectives.
    - Estimated Cost: $2,500 per year, initiating in FY 2026-27.

DIRECTOR COMPENSATION ADJUSTMENT

- Pursuant to Chapter 2 of Division 10 of the Water Code of the State of California (Water Code § 20202), Director compensation may be increased by a maximum of 5% for each consecutive calendar year since the last approved compensation adjustment. The last Director compensation increase was approved in April 2025 at 2.5% ($327.43 to $335.62) for FY 2025-26. For FY 2026-27, the Board could approve an increase of up to 5.0%. If aligned with the proposed employee compensation pool

methodology, the adjustment would be the lesser of the calculated pool percentage (5.96%) or the statutory maximum (5.0%), resulting in a 5.0% increase. For FY 2027-28, an additional increase of up to 5.0% could be considered. The Board will need to determine whether to include Director compensation adjustments in the Budget and, if so, at what level within the statutory maximum.

- Staff Recommendation: For budgeting purposes, Director compensation adjustments have been included at CPI estimates, not to exceed statutory requirements.
- Estimated Cost: $17,062 in FY 2026-27 based on Urban CPI at 3.20% plus $2,880 cost to post required notice; and $18,679 in FY 2027-28 based on UCLA Anderson School economic forecast model CPI estimated at 3.35% plus $2,995 cost to post required notice.

ITEMS NOT INCLUDED IN THE 2ND DRAFT BUDGET

The following items are not incorporated into the 2nd Draft Budget and are presented for Board discussion and direction for potential inclusion in subsequent drafts:

MWDOC RELIABILITY STUDY UPDATE

- MWDOC's last comprehensive Water Reliability Study was completed in 2023. An updated study would assess current and projected water supply reliability for Orange County, evaluate the adequacy of existing and planned water supply portfolios, analyze potential supply disruption scenarios, and provide recommendations for enhancing regional water supply resilience. The study would incorporate recent developments, including Metropolitan's Climate Adaptation Master Plan for Water (CAMP4W), Pure Water Southern California, Colorado River post-2026 guidelines, State Water Project conditions, and local resource development. An updated Water Reliability Study would provide critical analytical support for MWDOC's advocacy on Metropolitan issues, inform Member Agency planning processes, and guide the organization's strategic priorities. Estimated cost: $450,000 spread over two years initiating in FY 2027-28.
    - Staff Recommendation: Based on feedback received, staff recommend Board discussion at mid-cycle point to review timing for initiation of study.
    - Estimated Cost: $225,000 in first year of study period covered via reserve funds; and up to $225,000 in second year of study period based on assessment of study costs.

SUSTAIN SOUTHERN CALIFORNIA MEMBERSHIP

- Sustain Southern California (Sustain SoCal) accelerates cleantech economic growth and sustainability initiatives through innovation, collaboration, and education, fostering cooperation among the public, private, and academic sectors. Membership would position MWDOC at the intersection of water, energy, and cleantech across the region, with benefits including cross-sector networking, exposure to emerging technologies relevant to water management, enhanced visibility, and engagement on legislation and policy. Mentorship and strategic partnership opportunities align with MWDOC's commitment to innovation and regional leadership.
    - Estimated Cost: $2,000 per year, initiating in FY 2026-27.

GENERAL MANAGER'S TRANSMITTAL LETTER

MWDOC BIENNIAL BUDGET FOR FISCAL YEARS 2026-27 & 2027-28

I am pleased to present Municipal Water District of Orange County's (MWDOC or District) Biennial Budget for Fiscal Years (FY) 2026-27 and 2027-28. This represents a significant milestone in our District's financial planning and management, aligning our budget process with The Metropolitan Water District of Southern California's (Metropolitan) biennial cycle while enhancing our ability to provide predictable, high-quality services to our Member Agencies.

Why Two-Year Budgeting Now? The transition to biennial budgeting offers several strategic advantages that will strengthen our operations and better serve Orange County. By synchronizing with Metropolitan's budget cycle, we can ensure that our rates and charges accurately reflect the wholesale water costs passed through to our Member Agencies, eliminating the uncertainty that can arise when our budget cycles are out of alignment. This coordination is particularly important given that Metropolitan's rates and charges represent the largest component of our overall budget.

A two-year planning horizon also enables more comprehensive strategic planning, particularly for multi-year initiatives that have become increasingly central to our work. Whether we are supporting the development of 2025 Urban Water Management Plans (UWMP), implementing our integrated Geographic Information Systems (GIS), or helping Member Agencies navigate compliance with the Making Conservation a California Way of Life Framework, these efforts require sustained commitment and resources over multiple years. The two-year budget framework allows us to plan and commit resources more effectively for these long-term priorities.

Perhaps most importantly, this approach provides our Member Agencies with greater rate predictability as they develop their own budgets and manage their Proposition 218 processes. By offering a two-year rate outlook, we give our partners the clarity they need for their planning while maintaining the modest and predictable rate trajectory that has characterized MWDOC's approach in recent years. At the same time, reducing the intensity of the annual budget cycle process allows our staff to dedicate more time to program implementation and direct support for our Member Agencies.

Investing in Our Team. One of the most valuable benefits of the two-year budget framework is the enhanced capacity it provides for staff development and organizational strengthening. This budget reflects our commitment to investing in our workforce through comprehensive onboarding programs for new team members, expanded professional development opportunities, thoughtful succession planning, and strategic organizational planning that ensures we have the right capabilities to meet both current and future challenges. By providing greater stability and predictability in our budget cycle, we create more opportunities for our team to grow, develop expertise, and build the institutional knowledge that will serve Orange County's water future for decades to come.

Maintaining Flexibility. While we are adopting a two-year budget framework, we recognize that water management operates in a dynamic environment where conditions can change quickly. That is why we have built flexibility into this Budget through a comprehensive, mid-cycle review scheduled for October 2026. This review will provide an opportunity to assess Year 1 (FY 2026-27) performance, refine Year 2 (FY 2027-28) projections, and

respond to changing conditions such as Metropolitan rate adjustments, regulatory developments, or emerging Member Agency needs. This balanced approach captures the strategic benefits of biennial budgeting while maintaining our ability to adapt and respond to the needs of our service area.

Commitment to Values. As we embrace this new two-year budget framework, our fundamental commitments remain unchanged. This Budget continues our dedication to modest and predictable rate increases that support cost recovery in a financially prudent manner. Every dollar we have budgeted aligns with our Board of Directors (Board) Strategic Priorities and supports our mission of providing reliable, high-quality water supplies at equitable and economical costs. We remain committed to comprehensive collaboration with our Member Agencies and to transparent, participatory budget processes that welcome input and reflect the diverse needs of Orange County's water community.

Looking Ahead. The next two years present both significant opportunities and important challenges for our region. As MWDOC commemorates its 75th anniversary, we reflect on three-quarters of a century of service to Orange County while looking forward to the work ahead. We will be expanding our GIS capabilities to provide better data and analysis for decision-making across our organization and for our Member Agencies. We will be supporting agencies as they work to achieve compliance with the Making Conservation a California Way of Life Framework, one of the most significant changes in California water regulation in recent years. And we will continue to engage deeply in Metropolitan's financial and reliability discussions, ensuring that Orange County's voice is heard as key decisions are discussed regarding regional projects, such as Pure Water Southern California, and statewide projects, such as Sites Reservoir.

This budget positions MWDOC to meet these challenges while maintaining our core mission of providing reliable, cost-effective water services. With the support and guidance of this Board, and in partnership with our Member Agencies, I am confident that the next two years will strengthen our District and enhance our service to Orange County.

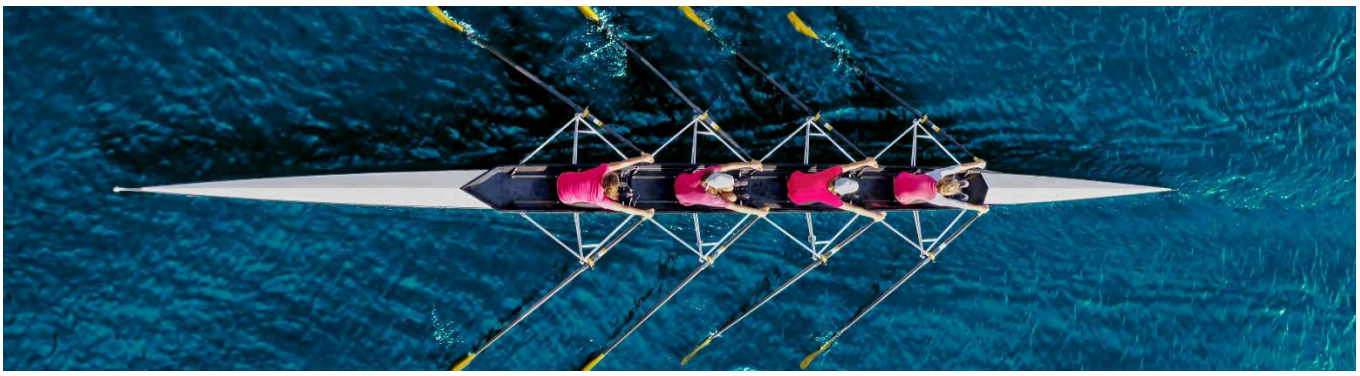
I look forward to our budget discussions and appreciate the Board's continued support and guidance.

Sincerely,



Harvey F. De La Torre
General Manager
Municipal Water District of Orange County

"I believe MWDOC plays an essential role in ensuring the County has a sustainable and reliable supply of water. With our partnering agencies, we strive to identify and implement the most cost-effective programs, projects, and activities for benefit of our service area."



DISTRICT OVERVIEW

MWDOC's Mission

To provide reliable, high-quality supplies from Metropolitan and other sources to meet present and future needs, at an equitable and economical cost, and to promote water use efficiency for all of Orange County.

Municipal Water District of Orange County (MWDOC or District) was formed in 1951 to serve the majority of Orange County as its Metropolitan Water District of Southern California (Metropolitan) Member Agency representative and to make imported water available within Orange County. In 2000, MWDOC consolidated with Coastal Municipal Water District, which had been formed in 1941 to represent Orange County coastal agencies at Metropolitan. Metropolitan representation remains MWDOC's primary purpose. Although this purpose has taken various forms and has evolved over the decades, the emphasis continues to be on Metropolitan representation and advocacy on behalf of 27 Member Agencies, which include 13 cities, 13 water districts, and one groundwater wholesale agency, to provide water reliability and value to the residents and ratepayers in Orange County. All functions included in the Biennial Budget address components of MWDOC's mission.

In June 2023, the MWDOC Board of Directors (Board or Director) identified seven Strategic Priorities via a public, multi-session process that incorporated feedback and input from various stakeholders, including Member Agency representatives. This effort was intentionally built upon the foundational work completed through the Member Agency Facilitated Discussions Project to ensure MWDOC's Strategic Priorities aligned with the needs of the community and our Member Agencies. These key priorities were developed through a facilitated process to be consistent with MWDOC's authority, mission, and roles.

Topic Area	Board Strategic Priorities
MWDOC's Mission	Clarify MWDOC's mission and roles by defining those functions and actions that help provide cost-effective, long-term water reliability and security for its Member Agencies and Orange County constituents.
Metropolitan Policy Positions	Balance support for Metropolitan's regional mission and Orange County values and interests, with an emphasis on completing the Integrated Water Resources Plan (IRP) and shaping a sustainable business model.
Metropolitan Director Consultation	Ensure that Metropolitan Directors regularly reach out to and collaborate with MWDOC's Member Agencies to represent their interests and needs at Metropolitan.
Reliability Planning	Work with Member Agencies to develop water supply and demand objectives that take a broad view of cost-effective options to increase supply and manage demands.
Member Agency Collaboration	Solicit input and feedback from Member Agencies to support their needs and create opportunities that benefit Orange County's water future.
Communications	Strengthen communications and coordination of messaging with Member Agencies, tailored to large and small agency needs.
Staff Development	Invest in workforce development and succession planning to continuously strengthen and renew MWDOC's staff capabilities.

In September 2023, the Board approved staff's Implementation Plan [1], which outlines the "means" (actions/programs) staff developed to help achieve these overarching Strategic Priorities. The Implementation Plan is a cornerstone for the General Manager's annual goal-setting process. Integrating the strategic priorities into the General Manager's goals ensures that the top leadership of MWDOC is fully committed to and accountable for driving these priorities forward. It also provides clear directions as to what is expected by the Board.

The Implementation Plan also identifies resource needs, which will be integrated into the biennial budgeting process. It ensures that financial, personnel, or technological resources are allocated efficiently to support Strategic Priorities. Information has been utilized to identify whether a resource gap exists that could hinder progress and, if necessary, gives guidance on whether additional resources should be recommended during the budget-setting process.

To utilize the lessons learned through the 2022 Member Agency Facilitated Discussions [2], several Member Agencies' comments and suggestions were woven into the Implementation Plan. This included the core objective: for MWDOC and its Member Agencies to partner more collaboratively. Through this process, there was consensus among the Member Agencies that MWDOC should avoid establishing a process perceived as "telling agencies what is needed," but rather seek out what the agencies want and need from MWDOC. This has been reflected in improved communication methods and in the approach MWDOC used when developing the programs, studies, and shared services in the Choice Programs.



[1] Staff Implementation Plan: https://go.mwdoc.com/4TZVGW

[2] Facilitated Discussions with MWDOC Member Agencies, Phase 1 (February 2022) https://tinyurl.com/FDMMAP1; Facilitated Discussions, with MWDOC Member Agencies, Phase 2 (December 2022) https://tinyurl.com/FDMMAP2

1. MWDOC BUDGET PROCESS & SCHEDULE

MWDOC's Budget schedule proposes adopting the *Biennial Budget for Fiscal Years (FY) 2026-27 & 2027-28* at the April 15, 2026 Board meeting. This timeline was implemented to facilitate the budget and rate schedules of our Member Agencies. The Draft Budgets are presented to the Administration & Finance (A&F) Committee. The 1st, 2nd, and 3rd Draft Budgets are scheduled for February 11, March 11, and April 8, 2026, A&F Committee meetings.

The Budget will include a list of proposed key financial changes, adjustments, and annotations, along with updates to the reserve targets and the proposed merit pool percentages for both fiscal years. The Year 1 (FY 2026-27) merit pool calculations are based on the final 12-month Consumer Price Index (CPI) average for 2025, while the Year 2 (FY 2027-28) merit pool will be preliminarily estimated and subject to refinement based on 2026 data.

This Budget Narrative includes a description of the District's key priorities and initiatives for FY 2026-27 and FY 2027-28. As part of the biennial budget process, the General Manager meets with each cost center lead to review current and projected cost center budgets for both fiscal years, including anticipated Choice Budget activity.

Similar to MWDOC's previous annual budget process, the Choice Budget elections occur on a distinct schedule that accommodates our Member Agencies' planning cycles. For Year 1 (FY 2026-27), staff will bring back a revised FINAL Choice Budget in October 2026 to reflect the reconciliations and final program commitments of Member Agencies. For Year 2 (FY 2027-28), the mid-cycle review in October 2026 will also provide updated Choice Program offerings and preliminary participation commitments, with final reconciliation occurring in October 2027. It should be noted that changes to Choice Programs do not affect the rates and charges adopted in April 2026 for Core activities.

FY 2026-27 & FY 2027-28 BUDGET SCHEDULE

NOVEMBER 2025

- Notification to Member Agencies of the start of the biennial budget process and solicitation of input
- Begin internal preparation of budget document

DECEMBER 2025 AND JANUARY 2026

- Review of preliminary budget input by staff on a line-item basis
- Preparation of an internal, draft conceptual budget and review changes for the upcoming fiscal year
- Request for Member Agencies' preliminary indication of participation in Choice programs

FEBRUARY 2026

- Review of 1st Draft Budget with A&F Committee with discussion of budget issues with Member Agencies for feedback (2-11-26)
- Formally request comments from all Member Agencies
- Member Agencies' INITIAL participation in Choice-funded programs (2-17-26)
- Discuss 1st Draft Budget at Member Agency Managers Meeting (2-19-26)
- Meet with Member Agencies as requested or scheduled

MARCH 2026

- Revised information completed on the prior year's Choice-funded benefits to Member Agencies to serve as the basis of charging agencies for the upcoming year's Choice-funded activities
- Discuss 2nd Draft Budget at A&F Committee (3-11-26)
- Review 2nd Draft Budget at Member Agency Managers' Meeting (3-19-26)
- Update Choice-funded Program Participation
- Member Agencies submit Formal Comments on the Budget (3-27-26)

APRIL 2026

- 3rd/FINAL Draft Budget and Rates presented to A&F Committee (4-8-26)
- Member Agencies' Formal Comments presented to A&F Committee (4-8-26)
- Board approval of FINAL Biennial Budget and Rates (4-15-26)

AUGUST 2026

- Reconciliation of the prior fiscal year's Choice-funded programs participation

OCTOBER 2026

- Updated Choice FY 2026-27 FINAL Budget
    - Presented to A&F Committee (10-14-26)
    - Board action (10-21-26)

JANUARY 2027

- Request for Member Agencies' preliminary indication of participation in Choice programs

FEBRUARY 2027

- Mid-cycle review of Budget presented to A&F Committee (2-10-27)
- Member Agencies' INITIAL participation in Choice-funded programs (2-16-27)

MARCH 2026

- Revised information completed on the prior year's Choice-funded benefits to Member Agencies to serve as the basis of charging agencies for the upcoming year's Choice-funded activities
- Update Choice-funded Program Participation

AUGUST 2027

- Reconciliation of the prior fiscal year's Choice-funded programs participation

OCTOBER 2027

- Updated FINAL FY 2027-28 Choice Budget
    - Presented to A&F Committee (10-13-27)
    - Board action (10-20-27)

2. MWDOC BUDGET PRINCIPLES

Staff continue to utilize the following Budget Principles to develop the Draft Budget:

- **Principle #1: Budget Investments Align with MWDOC's Priorities & Values**
  - The Budget should reflect the mission and goals of MWDOC and support our proposed activities in alignment with the Board's Strategic Priorities to provide value to our Member Agencies. The Budget process should be transparent and readily facilitate public review and input.
- **Principle #2: Activities Based on a County-wide Perspective**
  - MWDOC's service area extends to Orange County's borders, and the budgeted activities must comprehensively address issues, needs, and benefits for both the entire service area and our regional involvement with Metropolitan.
- **Principle #3: Efficient Program Design & Performance**
  - Budgeted programs must consider complementary and cooperative designs to maximize benefits and value from other regional and local water resource programs.
- **Principle #4: Cost Recovery**
  - The Budget will be developed to support cost recovery of all expenses via the rates and charges in a financially prudent manner, adhering to our Reserve Policy.
- **Principle #5: Compliance with Administrative Code**
  - The proposed Budget and budget process should fully comply with applicable sections of the MWDOC Administrative Code.



3. DISTRICT RESERVES

One goal of the budget process is the early identification of the impact on Reserve Funds. The stated goals of the Board are to have reserves fully funded and to balance the Budget to meet those reserve targets. In essence, if the combination of the previous Fiscal Year's audited reserve balances and the current Fiscal Year's year-end estimates indicates that the reserve target will be exceeded, then the proposed Budget should include a draw from the reserve balance down to the target. Conversely, if the projected total reserve balance drops below the target, the proposed Budget should increase the budgeted contribution to bring the reserves back up to the target.

In FY 2022-23, the Board undertook a comprehensive review of its Reserve Policy, which involved several work group meetings and committee discussions. The goal was to better align the Reserve Funds and their targets with the District's needs and priorities. The result clarified the use and function of each reserve account.

Designated Reserves are as follows:

- **Operating Reserve** - The Operating Reserve has been established to fund emergency expenditures, cover unbudgeted and unanticipated costs, and provide working capital if needed. MWDOC has established a target for the Operating Reserve to equal 120 days of cash on hand.
- **Election Reserve** - The Election Reserve funds seven elections every four years. The estimated cost of elections and needed reserve levels shall be updated annually as part of the budget process. If the amount in the Election Reserve exceeds the estimated costs, the Board may consider alternative uses to reduce the District's long-term costs.
- **Other Post-Employment Benefits (OPEB) Reserve** - The Board requested that staff fully fund the OPEB liability in 2016. The actuarial recommendation is to fund between 85% and 95% of the liability and place the remaining amount in an OPEB Reserve fund to avoid overfunding the OPEB trust. This recommendation was implemented in September 2016 with an OPEB Reserve balance of $209,000 to equal MWDOC's Unfunded Liability at that time. Beginning in 2018, the OPEB Reserve will be re-evaluated every two years after each actuarial study, and funds may be transferred to the OPEB trust to stay within the funding range.

Additional Reserve Funds are as follows:

- **General Operations Fund** - Funds used to pay for District annual operating expenses. Revenue generated from this fund includes annual meter and groundwater charges.
- **Water Purchase Payments Fund** - Fund that holds amounts paid by Member Agencies for water purchases in advance of the Metropolitan payment date.
- **Conservation Fund** - Fund includes grants, Metropolitan, and Member Agency payments for Water Use Efficiency. These funds may have a negative balance when MWDOC pays rebates and invoices in advance.
- **Trustee Activities** – Funds held for specific trustee activities, such as the AMP.

Current District investments and cash balances are reflected monthly as part of the A&F Committee Treasurer's Report (1.e. Consolidated Summary of Cash & Investments).

4. COMPENSATION GUIDELINES

MWDOC's compensation system is designed to attract, retain, and reward talented professionals who serve Orange County's water community. This section outlines the guidelines for both Director and staff compensation, including the methodologies used to determine appropriate salary adjustments for the biennial budget period.

DIRECTOR COMPENSATION

Pursuant to Chapter 2 of Division 10 of the Water Code of the State of California (Water Code § 20202), Director compensation may be increased by a maximum of 5.0% for each consecutive calendar year since the last approved compensation adjustment. The Board approved a 2.5% increase in Director compensation for FY 2025-26 (adopted April 16, 2025, Ordinance No. 56).

For FY 2026-27, the Board could approve an increase of up to 5.0% based on the Water Code allowance. If the Board chooses to align Director compensation with the Urban Consumer Price Index (CPI), the adjustment would be determined by the lesser of the CPI or the 5.0% maximum allowed by the Water Code. For FY 2027-28, Director compensation would be preliminarily projected based on Board direction during the mid-cycle review in February 2027, taking into account the 2026 CPI data and any adjustments approved for Year 1.

The following has been incorporated into the 2nd Draft Budget as a placeholder pending Board direction:

- **Staff Recommendation:** For budgeting purposes, Director compensation adjustments have been included in the 2nd Draft Budget at CPI estimates, not to exceed statutory requirements.
- **Estimated Cost:** $17,062 in FY 2026-27 based on Urban CPI at 3.20% plus $2,880 to post required notice; and $18,679 in FY 2027-28 based on the UCLA Anderson School economic forecast CPI estimate of 3.35% plus $2,995 to post required notice.

The Board will need to determine whether to include Director compensation adjustments in the Budget and, if so, at what level within the statutory maximum.

STAFF COMPENSATION

MWDOC's compensation system includes both job classification-specific salary ranges and person-specific salaries. Annual modifications to both are implemented under different but interrelated practices. A common goal of both practices is to maintain competitive and appropriate salaries and benefits that are competitive with the District's labor market.

JOB CLASSIFICATION SALARY RANGES

MWDOC annually adjusts salary ranges by the local CPI for the previous calendar year.

For FY 2026-27, the 2025 CPI average (through December 2025) for the Los Angeles/Long Beach/Anaheim area is 3.2%, which is lower than the 2024 annual average of 3.3%. The CPI of 3.2% falls into MWDOC's moderate inflation range. The 2025 CPI will be refined with the complete 12-month data in subsequent draft budgets.

For FY 2027-28, the salary range adjustment will be based on the 2026 calendar year CPI, which will not be available until early 2027. This adjustment will be refined during the October 2026 mid-cycle review based on available data at that time.

Every three years, MWDOC contracts for a Comprehensive Benchmark Survey that compares our job classifications with similar agencies and job functions. During the 2023-24 Comprehensive Benchmark Survey, MWDOC found limited salary range corrections to be necessary, which supported the CPI adjustment process.

EMPLOYEE-SPECIFIC SALARIES

MWDOC does not have a Cost-of-Living Adjustment (COLA). Instead, MWDOC establishes a Compensation Pool that facilitates employee salary increases allocated solely on merit. This approach differs from most water agencies surveyed, which provide defined merit and COLA components to their annual salary increases. The functional difference is that while both approaches cover merit and inflation, other agencies guarantee a COLA pay increase to all employees, whereas MWDOC employees are at risk of no salary increase depending upon their performance.

MWDOC utilizes a system of CPI-based formulas to calculate the proposed Compensation Pool. An analysis of 10-year compensation increases and CPI data was conducted to quantify the past practices that successfully maintained MWDOC's salaries as both competitive and within job classification ranges. The formula uses current inflation percentages but is also applied as a merit component to properly align with current market conditions. For example, 0% CPI would calculate as a 0% compensation pool increase and would not reward merit as intended. At the other end of the range, different problems can arise. To minimize the impact of extremes, a system of four CPI ranges with associated Compensation Pool formulas is summarized below.

COMPENSATION POOL CPI RANGES & FORMULAS		
Category	**CPI Range**	**Formula**
Negative	< 0%	2% + (CPI x 0.5)
Low	0% to 2.4%	2% + CPI
Moderate	2.4% to 4.7%	CPI x 1.85
High	> 4.7%	4% + CPI

FY 2026-27 COMPENSATION POOL (YEAR 1)

For FY 2026-27, the 2025 annual CPI of 3.2% for the region falls within the Moderate inflation range (2.4% to 4.7%). Applying the Moderate inflation range formula (CPI x 1.85) to the 3.2% CPI yields a compensation pool of **5.92%**, which was used to calculate the increase in employee salary expense for Year 1.

FY 2027-28 COMPENSATION POOL (YEAR 2 - PRELIMINARY)

For Year 2 budgeting purposes, reliable inflation estimates are based on the University of California, Los Angeles (UCLA) Anderson School economic forecast. For FY 2027-28, the UCLA Anderson forecast projects a CPI estimate of 3.35% for the region. Applying the Moderate inflation range formula (CPI x 1.85) to the estimated 3.35% CPI

yields a preliminary compensation pool of **6.20%**, which was used to calculate the increase in employee salary expense for the Year 2 placeholder. The actual Year 2 salary range adjustments will continue to be based on the United States Department of Labor, Bureau of Labor Statistics CPI for the Los Angeles/Long Beach/Anaheim area. This preliminary estimate will be refined during the mid-cycle review, based on actual 2026 CPI data through the third quarter, with final calculations completed once the full 2026 calendar-year CPI data becomes available.

MARKET COMPARISON

MWDOC conducts an annual direct labor market survey as part of the budget process. The survey of approximately 20 water utilities provides an objective comparison of how MWDOC's salary system has performed relative to the market. As noted above, MWDOC's salary ranges have generally tracked labor market conditions. In addition, MWDOC salaries have largely remained in the mid-range, with only long-tenured employees approaching the range ceiling for their positions. Below are the Merit/COLA Survey results from FY 2025-26. This survey will be updated once FY 2026-27 data are collected.

MERIT/COLA 2025-26 Survey				
Agency Name	**COLA (%)**	**Merit Max (%)**	**Avg. Merit Increase Granted (%)**	**Total (%) COLA + Avg. Merit**
Calleguas MWD	3.20%	3.00%	2.50%	5.70%
Eastern MWD	3.30%	5.00%	3.63%	6.93%
El Toro WD	NR			
Inland Empire Utilities Agency	NR			
Irvine Ranch WD	TBD	7.50%	3.00%	3.00%
Laguna Beach County WD	NR			
Las Virgenes MWD	3.00%	8.00%	5.00%	8.00%
Mesa Water District	3.00%	5.00%	2.50%	5.50%
Moulton Niguel WD	5.00%	5.00%	2.50%	7.50%
Orange County Sanitation District	TBD	5.00%	5.00%	5.00%
Orange County WD	4.50%	6.00%	3.00%	7.50%
San Diego County Water Authority	NR			
Santa Margarita WD	4.00%	2.50%	2.50%	5.00%
South Coast Water District	5.00%	5.00%	3.50%	8.50%
Three Valleys Municipal WD	3.06%	5.00%	2.50%	5.56%
Walnut Valley WD	2.00%	5.00%	5.00%	7.00%
West Basin MWD	NR			
Western Municipal Water District	2.90%	5.00%	2.50%	5.40%
Yorba Linda Water District	TBD	5.00%	2.50%	2.50%
			Average	***5.94%***

5. BUDGET INPUT FROM MEMBER AGENCIES

MWDOC staff initiated the Biennial Budget process for FY 2026-27 and FY 2027-28 in November 2025 with an A&F Committee posting of the Budget Schedule. At the November 2025 Member Agency General Managers Meeting, Member Agencies were informed that the budget process had begun and that input was being solicited. The 1st Draft Budget will be presented on February 11, 2026, the 2nd Draft Budget on March 11, 2026, and the 3rd Draft Budget on April 8, 2026.

According to the provided schedule, MWDOC aims to finalize its Biennial Budget in April 2026, ensuring that our Member Agencies have the necessary support for their own budget and Proposition 218 processes. Final adoption by the Board is anticipated on April 15, 2026. The mid-cycle review is scheduled for October 2026 to assess Year 1 performance and refine Year 2 projections.

Member Agency participation is vital in shaping our FY 2026-27 and FY 2027-28 Budget. We encourage Member Agencies to share initial suggestions and subsequent comments throughout the budget development process and during the mid-cycle review. These insights are essential for us to deliver services and resources to meet the needs of each agency's service area over the two-year budget cycle.

At this time, no formal Member Agency input has been received; if and when input is received, it will be included in this section in subsequent budget drafts.

6. KEY PRIORITIES & INITIATIVES

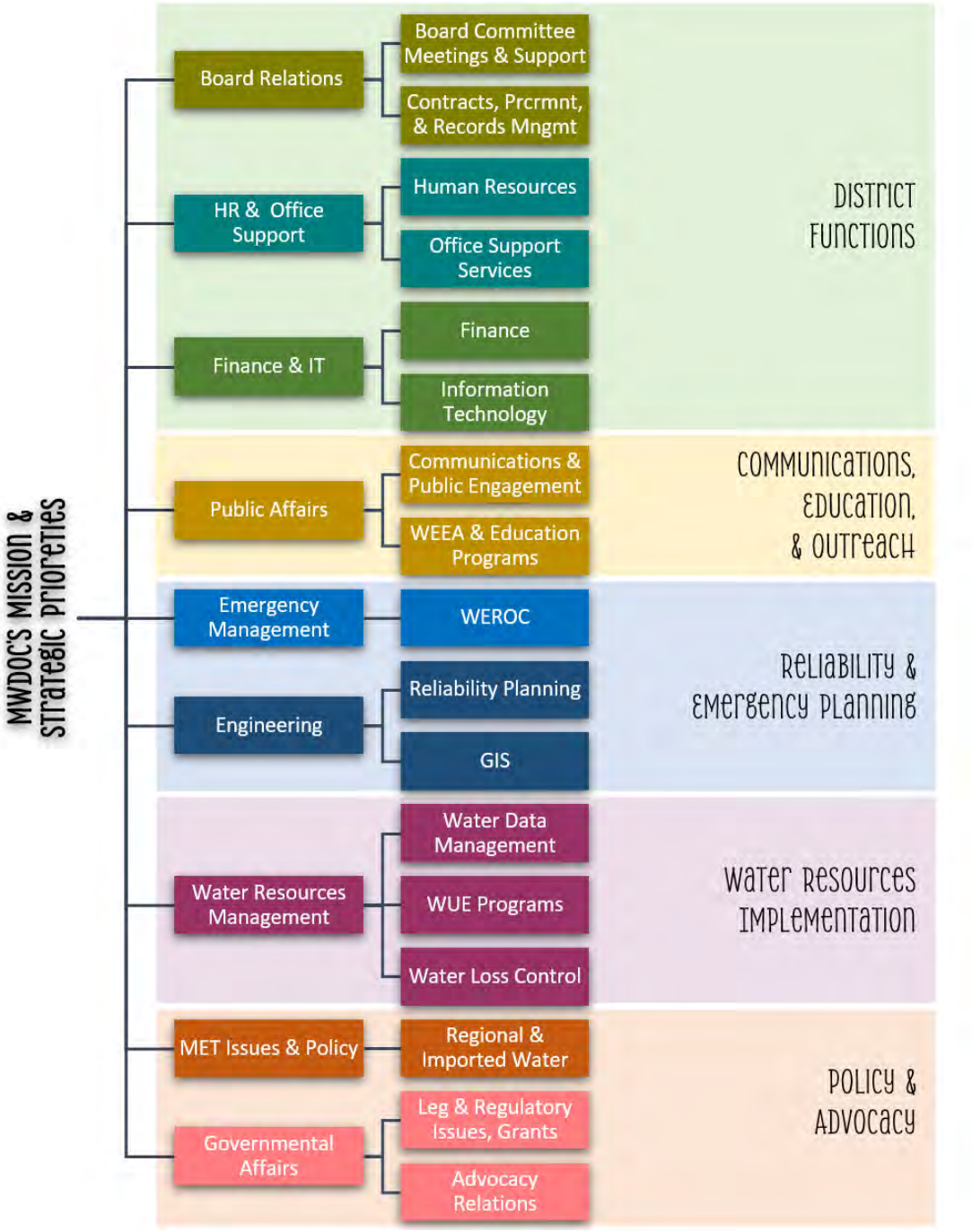
In 2024, MWDOC completed a comprehensive Needs Assessment to evaluate our organizational effectiveness, current and needed resources, and processes. The Needs Assessment sought to ensure proper alignment with the Board's Strategic Priorities by carefully examining the resources required to achieve MWDOC's mission and services. Based on the findings of this Assessment, the organizational structure was refined and is now in place to align with our strategic priorities and improve operational efficiency. The structure maintains our core services while positioning MWDOC to better meet future challenges and opportunities in outreach and advocacy, Board services, water resources management, and Member Agency support.

Central to this two-year budget is a strategic emphasis on developing and retaining our talented team. The two-year budget framework provides enhanced opportunities for comprehensive staff development initiatives, including robust onboarding programs that ensure new team members are fully integrated into MWDOC's culture and operations. We are committed to expanding professional development opportunities that build technical expertise and leadership capabilities across all levels of the organization. Thoughtful succession planning ensures continuity of institutional knowledge and prepares the next generation of leaders to guide MWDOC into the future. Additionally, enhanced organizational planning processes allow managers to develop their teams strategically, align individual development with organizational needs, and create clear career pathways for staff growth. These investments in our workforce directly support one of the Board's Strategic Priorities: strengthening and renewing MWDOC's staff capabilities through workforce development and succession planning.

The organizational structure features five focus areas:

- **District Functions**
  - Board Relations ..... Cost Center 11
  - Administration & Overhead ..... Cost Centers 12, 19
  - Human Resources ..... Cost Center 13
  - Finance & Information Technology ..... Cost Centers 41, 45
- **Communications, Education, & Outreach**
  - Public Affairs Communications ..... Cost Center 32
  - Education & Workforce Development ..... Cost Centers 32, 63
- **Reliability & Emergency Planning**
  - Engineering & Planning ..... Cost Center 21
  - Water Emergency Response (WEROC) ..... Cost Center 25
- **Water Resources Implementation**
  - Water Use Efficiency ..... Cost Centers 34, 35, 62
  - Water Loss Control ..... Cost Centers 36, 70
- **Policy & Advocacy**
  - Metropolitan & Water Resources ..... Cost Center 23
  - Government Affairs & Policy ..... Cost Center 31

This organizational structure achieves several interconnected objectives. It creates more efficient communication channels while enhancing collaboration between related functional areas within the District. The structure establishes clear lines of accountability for strategic priorities, ensuring that responsibilities are well-defined and trackable. Additionally, it better aligns resources with organizational objectives, ensuring that personnel, budget, and other assets are optimally distributed to support the District's core mission and goals. Importantly, this structure provides clarity for career development pathways and supports succession planning by identifying key roles and development opportunities throughout the organization.



BOARD RELATIONS

COST CENTER 11

Board Relations supports the District's governance framework, ensuring transparency, accountability, and legal compliance across all board operations and public-facing activities. From managing the full lifecycle of board meetings—including agenda preparation, minute-taking, and hybrid meeting coordination—to safeguarding public access through records management and legal notice publication, Board Relations provides essential support to uphold the District's commitment to open government. The scope of activities and initiatives extends beyond traditional board support to encompass comprehensive compliance monitoring, contract management coordination, and proactive governance of regulatory requirements, to serve the District with integrity and excellence.

Fundamental activities include:

- Staff attendance, preparation, and compilation of Board and Committee agendas, packets, and minutes.
- Assists in the review and development of District policies and ensures compliance with the District Administrative Code and Contracts Manual, publishes required legal notices, and coordinates all public records requests.
- Provides the oversight and maintenance of the Electronic Records Management System for the District, ensuring that all required documents are retained in accordance with the retention schedule and legal requirements, and trains staff on policies related to accessing, storing, and transmitting electronic records.
- Ensures compliance with respect to State, County, and Fair Political Practices Commission filings and deadlines, as well as various laws and legal requirements (Brown Act, Assembly Bill (AB) 2449, AB 1234, etc.).
- Manages vacancies, publishes required election notices, and coordinates election materials with the Orange County Registrar of Voters.
- Provides support to the Office of the General Manager, including managing correspondence, handling public inquiries, and maintaining the District seal.

KEY INITIATIVES FOR FY 2026-27 & FY 2027-28

Administrative Code Updates - Conduct a comprehensive review and update of the District Administrative Code to reflect current organizational structure, operational practices, and legal requirements. This effort will ensure alignment with the 2024 Needs Assessment recommendations and incorporate lessons learned from the transition to biennial budgeting. Following the updates, provide training and guidance to staff and Board members on revised provisions to ensure smooth implementation and compliance.

Enhanced Contract Management Procedures - Implement improved contract development and compliance monitoring procedures following the organizational changes that established Board Relations as the central contract management hub. This includes developing standardized processes for contract lifecycle management, providing training and guidance for staff, and exploring enhanced reporting capabilities offered by the new Enterprise Resources Planning (ERP) system. The effectiveness of these improvements will be assessed and refined based on user feedback and operational experience.

Board Support Technology Enhancement - Evaluate and implement modernized tools for agenda management, document distribution, and hybrid meeting support to improve efficiency and accessibility for Board members, staff, member agencies, and the public. Tools will be refined and expanded based on user feedback and identified opportunities for additional functionality or integration.

Americans with Disabilities Act (ADA) Title II Web and Mobile Application Accessibility Rule – In April 2024, the United States Department of Justice published a rule establishing technical requirements for state and local governments to ensure their websites and mobile apps are accessible to people with disabilities. To ensure compliance, staff will evaluate all digitally available Board materials and implement standards and procedures by the April 26, 2027, deadline for special district governments.

Compliance Calendar System - Implement a centralized tracking system for all regulatory deadlines and filing requirements, including State, County, and Fair Political Practices Commission obligations, to ensure proactive compliance management.

Public Records Request Process Improvement - Streamline response procedures and implement enhanced tracking systems to improve efficiency, ensure compliance with legal timelines, and provide reporting on public records activity.

Records Management Optimization and Planning - Evaluate and refine electronic records management processes, including assessment of current retention practices and exploration of opportunities to enhance efficiency through technology improvements and staff training enhancements. Develop a strategic plan for electronic records management that addresses long-term storage, accessibility, and compliance needs, incorporating emerging technologies and best practices.

Cost Center 11: Board Relations	***Adopted FY25-26***	***Proposed FY26-27***	***Proposed FY27-28***	***FY25-26 to FY26-27 Variance***	***FY26-27 to FY27-28 Variance***
Director Conference & Travel Expense (See Exh F)	53,780	53,184	55,153	(596)	1,969
Director Salaries & Benefits	601,384	635,684	661,787	34,300	26,103
Election Expense	605,000	580,000	420,000	(25,000)	(160,000)
Employee Salaries & Benefits	605,527	502,000	526,990	(103,527)	24,990
Facilities & Vehicle Expenses	7,300	7,300	7,300	-	-
Legal Expense (See Exh J)	235,000	230,000	235,000	(5,000)	5,000
Memberships & Sponsorships (See Exh D)	48,652	59,128	61,932	10,476	2,804
Other Expenses*	12,000	12,500	13,000	500	500
Training Expense (See Exh J)	2,500	2,500	2,500	-	-
Expenditure Total	**2,171,143**	**2,082,296**	**1,983,662**	**(88,847)**	**(98,634)**

*Other Expenses include postage and miscellaneous expenses.

ADMINISTRATION & OVERHEAD

COST CENTERS 12, 19

Administrative Services provides support to the entire District to ensure operations run smoothly and efficiently.

Fundamental activities include:

- Oversight and maintenance of District mailing lists to provide a centralized database for staff in improving efficiencies.
- Personnel-related activities such as recruitment, screening, selection, employee orientation, benefits and compensation administration, employee documentation, performance management, research and surveys, and employee training and development.
- Implementation of personnel and mandated policies.
- Oversight of the Safety and Risk Management and the District's Workers Compensation, Liability, and Property Insurance Programs.
- Oversight of the purchase of office supplies, furniture, and equipment.
- Coordination of District Travel and Accommodations for Staff [3].
- Oversight of all items related to building facilities maintenance and management.
- Intra-District support.

KEY INITIATIVES FOR FY 2026-27 & FY 2027-28

Lunch and Learn Training Program - Continue and expand the District-wide Lunch and Learn series that provides accessible professional development opportunities for all staff. Topics will cover a broad range of subjects, including industry trends, technical skills, leadership development, wellness, and emerging issues in water management. This informal learning format encourages intra-District knowledge sharing and builds organizational capacity.

Retirement Plan Financial Advisory Services – Continue to utilize the District's financial advisor to review the 401 and 457 retirement plan investment funds and implement necessary plan improvements. This includes evaluating fund performance, assessing fee structures, reviewing investment options for appropriateness and diversity, and ensuring the plans remain competitive with market offerings. Provide one-on-one meetings with participants and

[3] A reminder that memberships outlined in the Budget's Exhibit D are approved by the Board with the adoption of the Budget. Therefore, such memberships will not be brought to the Board for individual approval. However, any new memberships not included in Exhibit D will need to be brought to the Board for consideration and approval.

Similar to memberships, standard conferences for Board and staff (as those listed in Exhibits E and F) are approved by the Board with adoption of the Budget. This approval includes staff travel/attendance for any out-of-state conferences listed on Exhibits E and F. After the Budget adoption, any new out-of-state conferences will be brought to the Board for consideration and approval.

informational meetings on the financial market, finances, and retirement. Recommendations will be developed to optimize retirement benefits for employees while maintaining fiscal responsibility.

Building Maintenance and Facility Improvements - Maintain ongoing oversight of building maintenance and repairs to ensure all necessary upkeep is performed, including the installation of shading material to reduce glare entering the office and affecting various work areas and a noise-cancelling system to reduce office noise. Continue coordination with Orange County Water District (OCWD) regarding facility improvements, including the completion of any remaining audiovisual equipment upgrades in the MWDOC/OCWD Joint Boardroom and the assessment of other facility enhancement needs.

Safety and Risk Management Program Enhancement - Conduct comprehensive reviews of the District's Workers Compensation, Liability, and Property Insurance programs to ensure appropriate coverage levels and identify opportunities for cost savings or risk mitigation. Enhance workplace safety protocols and training programs to maintain a safe working environment and minimize liability exposure.

Administrative Systems Optimization - Evaluate and refine administrative support systems, including purchasing processes, travel coordination, and District support services, to improve efficiency and responsiveness. This includes assessing opportunities for automation, streamlining approval workflows, and ensuring administrative functions align with the organizational structure implemented following the 2024 Needs Assessment.

Database Management Enhancement - Continue overseeing and optimizing District mailing lists, ensuring centralized databases remain current and support efficient communication across the District and with external stakeholders. Implement improvements to data management practices and explore opportunities for enhanced functionality.

Cost Center 12: Administration	*Adopted FY25-26*	*Proposed FY26-27*	*Proposed FY27-28*	*FY25-26 to FY26-27 Variance*	*FY26-27 to FY27-28 Variance*
CDR Support**	72,650	-	-	(72,650)	-
Employee Conference & Travel Expense (See Exh E)	128,397	45,955	47,270	(82,442)	1,315
Employee Salaries & Benefits	794,697	698,915	703,407	(95,782)	4,492
Facilities & Vehicle Expenses	4,750	4,750	4,940	-	190
Memberships & Sponsorships (See Exh D)	151,684	34,663	36,049	(117,021)	1,386
Other Expenses*	24,300	21,020	21,661	(3,280)	641
Professional Services (See Exh J)	-	21,000	21,840	21,000	840
Training Expense (See Exh J)	6,000	-	-	(6,000)	-
Expenditure Total	**1,182,478**	**826,303**	**835,167**	**(356,175)**	**8,864**

*Other Expenses include temporary help expenses, business expenses, book subscriptions, and miscellaneous expenses.

**Cost Center reassigned (CDR Support moved from Cost Center 12 to Cost Center 21).

Cost Center 19: Overhead	*Adopted FY25-26*	*Proposed FY26-27*	*Proposed FY27-28*	*FY25-26 to FY26-27 Variance*	*FY26-27 to FY27-28 Variance*
Employee Salaries & Benefits	769,357	981,627	1,049,138	212,270	67,511
Facilities & Vehicle Expenses	214,325	303,936	238,095	89,611	(65,841)
Other Expenses*	167,717	159,034	165,331	(8,683)	6,297
Professional Services (See Exh J)	5,000	975	1,014	(4,025)	39
Expenditure Total	**1,156,399**	**1,445,572**	**1,453,578**	**289,173**	**8,006**

*Other Expenses include health insurance for retirees, office supplies, postage, reproduction expenses, bank fees, and miscellaneous expenses.

HUMAN RESOURCES

COST CENTER 13

Human Resources (HR) is dedicated to attracting, developing, and retaining a talented and engaged workforce that supports MWDOC's mission and Strategic Priorities. HR serves as a strategic partner across the District, providing comprehensive support in talent management, employee relations, benefits administration, and organizational development.

Fundamental activities include:

- Recruitment, screening, and selection of qualified candidates
- New employee onboarding and orientation programs
- Benefits and compensation administration
- Maintenance of employee documentation and records
- Performance management and employee relations
- Compliance with employment laws and regulations
- Training and professional development coordination
- Organizational development and culture initiatives

KEY INITIATIVES FOR FY 2026-27 & FY 2027-28

Comprehensive Onboarding Program - Develop and implement an enhanced onboarding experience that ensures new team members are fully integrated into MWDOC's culture and operations. The program will include structured orientation sessions, mentorship opportunities, role-specific training, and regular check-ins during the first 90 days. Success metrics will be established to evaluate onboarding effectiveness and new hire retention.

Professional Development Framework - Expand professional development opportunities across all levels of the organization to build technical expertise and leadership capabilities. This includes identifying core competencies for each role, creating individual development plans, facilitating access to external training and certification programs, and supporting attendance at industry conferences and workshops. The framework will align individual growth with organizational needs and career pathway development.

Succession Planning Program - Implement a comprehensive succession planning strategy to ensure continuity of institutional knowledge and prepare the next generation of leaders. This includes identifying critical positions and high-potential employees, creating development plans for succession candidates, facilitating knowledge transfer from critical staff, and establishing leadership development pipelines. The program will be integrated with District planning processes to ensure organizational readiness for future transitions.

District Planning Support - Partner with senior management to develop strategic workforce plans that align staffing and development needs with organizational goals and priorities. This includes conducting workforce assessments, identifying skill gaps, developing hiring and training strategies, and creating clear career pathways that support employee growth and organizational effectiveness.

Performance Management Enhancement - Refine performance management processes to ensure they effectively support employee development, recognize achievements, and address performance concerns. This includes updating evaluation tools, providing manager training on effective feedback and coaching techniques, and ensuring alignment between individual performance goals and District strategic priorities.

Paylocity HR Software Module – HR will be working with Finance in the implementation of a new Finance software system and HR module. This will allow improved tracking of employee personnel records and the ability to generate various HR reports in an efficient manner.

Employee Engagement and Culture Initiatives - Develop and implement programs that strengthen organizational culture, enhance employee engagement, and support work-life balance. This includes conducting employee surveys, facilitating team-building activities, recognizing employee contributions, and creating forums for employee feedback and participation in District improvements.

Compensation and Benefits Competitiveness - A comprehensive understanding of both salary and benefits competitiveness is essential for attracting and retaining top talent. While the District's policy is to perform a Salary Benchmark Survey every three years (last completed in Spring 2024, with the next scheduled for Fall 2026-Spring 2027), these surveys do not closely evaluate the benefits component or compare MWDOC's benefits to those of similar agencies. Staff proposes initiating a Comprehensive Salary and Benefits Study early in FY 2026-27. Concurrent review of both the District's benefits and salaries will provide an opportunity to reduce duplicative analysis and yield a comprehensive set of recommended changes that support one another.

Mandatory Compliance Training - Ensure timely completion of all required training, including Harassment Prevention, Workplace Violence Prevention, and other legally mandated programs. Develop tracking systems to monitor compliance, schedule regular training sessions, and maintain documentation in accordance with legal requirements.

Cost Center 13: Human Resources	***Adopted FY25-26***	***Proposed FY26-27***	***Proposed FY27-28***	***FY25-26 to FY26-27 Variance***	***FY26-27 to FY27-28 Variance***
Employee Conference & Travel Expense (See Exh E)**	-	5,600	5,764	5,600	164
Employee Salaries & Benefits	535,329	543,605	583,443	8,276	39,838
Legal Expense (See Exh J)	25,000	27,040	28,121	2,040	1,081
Memberships & Sponsorships (See Exh D)**	-	1,398	1,453	1,398	55
Other Expenses*	35,500	39,520	41,000	4,020	1,480
Professional Services (See Exh J)	-	60,000	-	60,000	(60,000)
Training Expense (See Exh J)	58,945	54,000	56,000	(4,945)	2,000
Expenditure Total	**654,774**	**731,163**	**715,781**	**76,389**	**(15,382)**

*Other Expenses include miscellaneous expenses.

**Cost Center reassigned (Employee Conference & Travel Expense and Memberships & Sponsorships moved from Cost Center 12 to Cost Center 13).

FINANCE & INFORMATION TECHNOLOGY

COST CENTERS 41, 45

Finance, Accounting, and Information Technology (IT) serve as a backbone to the District. Finance and IT staff provide essential support to not only the District, but also to WEROC for disaster recovery at both the District office and the Emergency Operations Center. Finance and IT staff prioritize cybersecurity to protect the District's systems and data and stay informed on emerging technologies and best practices to keep the IT infrastructure resilient. Finance and IT staff also maintain focus on financial stewardship while ensuring adherence to prevailing audit standards.

FINANCE

Finance and Accounting staff support MWDOC by managing payroll, accounts payable and receivable, fixed assets, investments, grant funding, reconciliations, and technology systems. In addition, Finance provides comprehensive monthly accounting to our Member Agencies, including billing for water deliveries, in-lieu credits, Local Resource Program payments, conservation rebates, shared services, and other Choice Programs.

Fundamental activities include:

- General ledger accounting, journal entries, account reconciliations, and fund accounting in compliance with Governmental Accounting Standards
- Preparation of monthly and annual financial statements and the State Controller's Financial Transactions Report
- Coordination of the annual independent external financial audit
- Budget development, monitoring, and management of revenues, expenditures, and fund balances in compliance with Board-approved budgets
- Accounts payable and receivable, including vendor invoice processing, Member Agency billing for wholesale water deliveries and special program costs, and conservation rebate processing
- Payroll processing, benefits accounting, and compliance with CalPERS, IRS, and labor regulations
- Treasury and cash management in accordance with the California Government Code and District investment policy, including preparation of monthly investment reports for the Board
- Contract review for financial accuracy and budget alignment
- Financial reporting and presentations in support of Board meetings and public transparency requirements

KEY INITIATIVES FOR FY 2026-27 & FY 2027-28

Two-Year Budget Cycle Financial Management - Adapt financial reporting, tracking, and forecasting systems to support the biennial budget framework. This includes developing Year 1 versus Year 2 tracking mechanisms, enhancing mid-cycle review reporting capabilities, and improving multi-year financial projections. Evaluate the effectiveness of the first two-year budget cycle and develop recommendations for future biennial budgets.

Member Agency Billing System Enhancement - Explore improvements to Member Agency billing systems to enhance accuracy, efficiency, and transparency. This includes streamlining billing processes for water deliveries,

Choice Programs, and shared services, as well as improving reporting capabilities for Member Agency financial planning.

Grant Management and Tracking Improvements - Explore enhanced systems for tracking grant funding, expenditures, compliance, and reporting requirements. This includes improving coordination between cost centers on grant-funded activities and ensuring timely and accurate reporting to funding agencies.

Streamline Financial Procedures – Continue to identify operational efficiencies by automating manual processes, reducing redundancies, and optimizing workflows.

Cost Center 41: Finance	***Adopted FY25-26***	***Proposed FY26-27***	***Proposed FY27-28***	***FY25-26 to FY26-27 Variance***	***FY26-27 to FY27-28 Variance***
Audit Expense (See Exh J)	37,445	38,418	39,420	973	1,002
Employee Conference & Travel Expense (See Exh E)**	-	-	1,700	-	1,700
Employee Salaries & Benefits	712,128	901,692	993,812	189,564	92,120
Memberships & Sponsorships (See Exh D)**	-	510	516	510	6
Other Expenses*	1,000	1,200	1,200	200	-
Professional Services (See Exh J)	15,200	9,700	11,800	(5,500)	2,100
Software & Hardware**	135,000	-	-	(135,000)	-
Expenditure Total	**900,773**	**951,520**	**1,048,448**	**50,747**	**96,928**

*Other Expenses include miscellaneous expenses.

**Cost Center reassigned (Employee Conference & Travel Expense and Memberships & Sponsorships moved from Cost Center 12 to Cost Center 41, Software & Hardware moved from Cost Center 41 to Cost Center 45.

INFORMATION TECHNOLOGY

IT prioritizes cybersecurity to protect our systems and data, stays informed on emerging technologies and best practices to keep our IT infrastructure resilient, and also focuses on financial stewardship while ensuring adherence to prevailing audit standards.

IT administers computers, software, networks, and other electronic devices to enable staff to leverage information. It encompasses a wide range of technologies and applications that reside in the cloud, on-premises, and in hybrid environments. Paramount to the success of IT is maintaining a focus on cybersecurity to protect assets, maintain trust, and ensure business continuity. IT also manages all District-wide software licenses and subscriptions, ensuring cost-effective procurement, compliance with licensing agreements, and optimal utilization of technology resources.

KEY INITIATIVES FOR FY 2026-27 & 2027-28

Enterprise Resource Planning (ERP) System Implementation and Optimization - Working in partnership with Finance, complete the implementation of the new ERP system to replace the legacy system, which no longer meets the District's needs. IT will manage the technical implementation, system architecture, data migration, security configuration, and integration with existing systems. Year 1 will focus on full system deployment,

technical infrastructure setup, staff training on system access and functionality, and initial optimization. Year 2 will emphasize system refinements, performance tuning, advanced functionality implementation, and ongoing technical support. This modern solution will enhance efficiency, streamline processes, and facilitate data-driven decision-making across finance and administrative functions.

GIS System Implementation and Integration - Implement an integrated GIS platform to support District-wide operations. Year 1 will focus on completing the GIS scoping assessment, establishing core system architecture, developing data integration protocols, and providing initial training for key staff. Year 2 will emphasize specific application development for Water Use Efficiency, Water Loss Control, Engineering, and WEROC, as well as advanced spatial analysis capabilities and potential public-facing mapping tools. This initiative directly supports multiple District priorities and enhances decision-making capabilities across the District.

Infrastructure Modernization and Optimization - Execute a comprehensive infrastructure replacement and modernization program to address end-of-life IT equipment. This includes server consolidation and modernization (phased over both years), a desktop and laptop replacement program (distributed across both years), Network Attached Storage (NAS) upgrades for centralized storage and backup, and network equipment updates to strengthen cybersecurity defenses, ensure high availability, and improve operational efficiencies.

Software License and Subscription Management - Consolidate management of all District-wide computer software licenses and subscriptions under IT to improve cost tracking, ensure compliance, optimize utilization, and identify opportunities for cost savings through volume licensing or subscription consolidation. This centralized approach will provide better visibility into total technology costs and support more strategic software procurement decisions.

Cybersecurity Program Enhancement - Maintain and enhance comprehensive cybersecurity measures to protect District assets and data. Ongoing initiatives include conducting Cyber Hygiene scans in coordination with the Department of Homeland Security (DHS), performing cyber vulnerability scans and analyses with our Managed Security Service Provider (MSSP), testing backup systems reliability and effectiveness (integrity testing), refining Security Information and Event Management (SIEM) software configuration and utilization, monitoring intelligent end-point detection and response systems for real-time and historical visibility, and conducting periodic security awareness training and phishing testing for all staff.

Business Systems Support - Provide comprehensive technical support for the implementation and optimization of key business systems, including the new ERP system, the WUE Database modernization, a GIS platform, and other applicable applications. This includes ensuring proper system integration, maintaining data integrity, providing user support, and facilitating training and adoption.

Disaster Recovery and Business Continuity - Maintain and enhance disaster recovery capabilities for both the District office and WEROC's Emergency Operations Center. This includes regular testing of backup and recovery systems, updating business continuity plans, and ensuring redundancy for critical systems and data.

Cloud and Hybrid Environment Management - Continue to optimize the District's hybrid technology environment, balancing cloud-based, on-premises, and hybrid solutions to maximize efficiency, security, and cost-effectiveness while maintaining appropriate control and accessibility.

Cost Center 45: Information Technology	*Adopted FY25-26*	*Proposed FY26-27*	*Proposed FY27-28*	*FY25-26 to FY26-27 Variance*	*FY26-27 to FY27-28 Variance*
Employee Salaries & Benefits	179,860	211,232	224,562	31,372	13,330
Facilities & Vehicle Expenses	25,000	-	-	(25,000)	-
Memberships & Sponsorships (See Exh D)**	-	771	803	771	32
Other Expenses*	1,500	2,000	2,000	500	-
Professional Services (See Exh J)	65,000	69,000	69,360	4,000	360
Software & Hardware**	210,511	260,193	274,662	49,682	14,469
Expenditure Total	**481,871**	**543,196**	**571,387**	**61,325**	**28,191**

*Other Expenses include miscellaneous expenses.

**Cost Center reassigned (Memberships & Sponsorships moved from Cost Center 12 to Cost Center 45, Software & Hardware moved from Cost Center 41 and Cost Center 21 to Cost Center 45).

COMMUNICATIONS, EDUCATION & OUTREACH

COST CENTERS 32, 63

Public Affairs (PA) serves as MWDOC's primary voice to the public, Member Agencies, stakeholders, and the broader water community. Through strategic communications, education programs, and workforce development initiatives, PA enhances public awareness of critical water issues, supports Member Agency communications efforts, and builds the next generation of water professionals. PA also works closely with the cities of Anaheim, Fullerton, and Santa Ana to ensure that essential programs, initiatives, and incentives reach communities throughout Orange County in a consistent and impactful way. PA's work spans from K-12 education to professional workforce development and from community engagement to regional communications coordination.

PUBLIC AFFAIRS COMMUNICATIONS

The Public Affairs Communications team advances regional water conservation and efficiency by delivering clear, compelling, and accessible information to the public. The Communications team elevates awareness of critical water issues and District priorities through integrated communications efforts, including events, digital content, educational materials, presentations, and outreach programs.

Fundamental activities include:

- Regional communications collaboration, strategic communications alignment, and Member Agency Public Information Officer (PIO) support.
- Community engagement through events, the Speakers Bureau, Ricky the Rambunctious Raindrop™ mascot appearances, and an award-winning social media presence
- Digital outreach through videos, media toolkits, public service announcements, news articles, briefing papers, and communications materials
- Special events, including the Water Policy Forum & Dinner and the annual OC Water Summit (co-hosted with OCWD)

KEY INITIATIVES FOR FY 2026-27 & FY 2027-28

Expanded Video Content Strategy - Strengthen visibility and public engagement through an expanded video strategy that highlights Member Agency spotlights showcasing collaborative efforts across Orange County; annual *Year in Review* videos that capture key achievements and progress; and informative content explaining critical infrastructure work, such as leak detection and emergency management. This approach will also include short-form, social-media-optimized videos tailored for platforms like Instagram and YouTube. The strategy is grounded in research showing audiences retain up to 95% of video content, compared to just 10% of text-based information.

75th Anniversary Commemoration (FY 2026-27) – Continue executing a year-long celebration of MWDOC's 75th Anniversary featuring commemorative events, including Water Policy Dinners with water industry leaders, legacy publications chronicling MWDOC's contributions to Orange County's water reliability, such as an Orange County

Register retrospective insert, and community partnerships with local organizations, schools, and businesses to expand the reach and impact of anniversary programing.

Public Awareness and Engagement Enhancement - Address declining local news capacity by strengthening digital storytelling through expanded social media engagement and targeted newsletters; implement localized content marketing strategies that leverage search engine optimization and community-based events; and build innovative partnerships with influencers, local businesses, civic organizations, the Orange County Grand Jury, and schools to amplify outreach, extend message reach, and strengthen trusted community connections.

Website Optimization and Digital Communications - Leverage the newly refreshed MWDOC website, designed to support a future transition to a high-performance hosting environment, including an intuitive user experience, expanded and accessible resources, enhanced ADA compliance, a regularly updated insights blog, and improved search engine optimization to increase visibility, deepen public engagement, and reinforce the District's leadership in water stewardship, efficiency, and transparency.

Member Agency Communications Support - Expand and elevate Public Affairs Workgroup meetings to deliver timely and actionable program updates to Member Agency Public Information Officers, align and coordinate unified regional messaging, and provide strategic communications support, best-practice sharing, and targeted professional training that strengthens consistency, effectiveness, and collaboration in countywide and broader regional water communications efforts.

EDUCATION & WORKFORCE DEVELOPMENT

The Education and Workforce Development team creates pathways that connect water education to career awareness by engaging students, educators, and industry partners. These efforts include K-12 Choice School Programs, Career Technical Education activities, teacher training(s), student events, and workforce collaborations, all of which form a connected learning network supporting water literacy, sustainable stewardship behaviors, and water career awareness across Orange County.

Fundamental activities include:

- K-12 Choice School Programs providing standards-aligned water education to Orange County students
- Career Technical Education (CTE) partnerships with high schools and post-secondary institutions
- Teacher training(s) and professional learning opportunities
- Student engagement events and facility tours
- Water Energy Education Alliance (WEEA) leadership and coordination

KEY INITIATIVES FOR FY 2026-27 & FY 2027-28

K-12 Choice School Programs Renewal – Assist, through interactive assemblies and inquiry-based activities that align with academic standards, Orange County's youngest water users in developing a strong foundation of water knowledge. This prepares them to make informed decisions about water usage and how to protect its long-term

quality and availability. The MWDOC Choice School Programs save Orange County water providers significant time and money while providing consistent, vetted, water-focused educational programming for all students participating in the programs and encouraging the next generation to consider careers in water. During this budget biennium, staff will also explore Orange County Stormwater's participation in the Middle School Program, which aligns with California science standards addressing watersheds, stormwater systems, and water quality while expanding the funding base for current participants.

CTE Program Development - Serve as a core industry partner in developing a pilot CTE program at Villa Park High School in coordination with Orange Unified School District, WEEA, and regional water agencies. Support curriculum development for the Sustainable Water Technology & Systems course, facilitate industry presentations and career exploration activities for students, and coordinate hands-on learning experiences, including facility tours with OCWD and Metropolitan. This pilot program introduces high school students to water-related careers through applied coursework and focused industry engagement.

Teacher Training and Capacity Building - Expand educator capacity through Project Water Education Today (Project WET) teacher trainings delivered in partnership with our Member Agencies, providing educators with objective, science-based, standards-aligned water education activities. Host Project WET facilitator training(s) in partnership with Metropolitan to increase the number of local trainers serving Orange County, enabling more frequent, locally-delivered, professional learning opportunities for educators across the region.

Post-Secondary Education Engagement - Strengthen connections with community colleges and universities through events, collaborations, and career pathway programming. Support film screenings, expert panels, and networking opportunities that connect students with water professionals and career opportunities. Advance collaboration between WEEA and Water UCI on workforce development research and regional discovery sessions that inform applied research and guide workforce priorities.

Student Engagement Events - Continue participation in signature events, such as the Children's Water Education Festival, providing educational booths and interactive activities that reach hundreds of students while introducing water career pathways and connecting early education with workforce awareness. Additional programming includes facility tours, career presentations, panel discussions with water professionals, and student workshops that build early understanding of water supply systems and water quality and connect classroom learning to real-world applications.

WEEA Leadership - Continue MWDOC's pivotal leadership role in WEEA, a dynamic statewide workforce collaborative that bridges the gap between education and industry. WEEA leverages members' collective resources, expertise, and relationships to create sustainable career pathways for California students into high-quality, living-wage jobs in the water and energy sectors. Through this leadership, MWDOC helps shape the next generation of skilled workers, addresses workforce shortages in critical sectors, and positions the District as a key influencer in developing policies and programs aligned with California's long-term sustainability goals. The

WEEA 2024-25 Year-End Report[4] highlights the program's growth to more than 250 member organizations and showcases its success in connecting students with water and energy careers through strategic partnerships, data-driven insights, leadership roundtables, and innovative initiatives like the Education-to-Workforce Tour.

WEEA's outside sponsors provide financial or in-kind contributions to the WEEA Program to help support and review Program deliverables. These financial partners and sponsors are primarily in Orange, Los Angeles, Riverside, and San Diego counties. Financial contributors currently include Metropolitan, Inland Empire Utilities Agency, Eastern Municipal Water District, Moulton Niguel Water District, Water Replenishment District, Western Municipal Water District, and Tomorrow's Talent. These outside sponsors are engaged in the WEEA Leadership Roundtable and Workforce Advisory groups. In turn, the sponsors promote the WEEA program and promote and distribute WEEA resources and collateral materials. The in-kind contributors (e.g., California Environmental Education Foundation and California Community Colleges) provide regionally specific, technical advice and market research on career exploration activities, curricula, and training.

Note: The Education Initiatives allocation includes a $10,000 increase, raising the total from $35,000 to $45,000 for FY 2026–27 and FY 2027–28. This increase supports the expansion of education and workforce development programming, including new CTE partnerships, teacher training(s), and professional learning opportunities, engagement with post-secondary institutions, student-focused events, and regional workforce collaboration initiatives. Existing programs, including the K–12 Choice School Programs and WEEA, will continue as ongoing educational activities.

Cost Center 32: Public Affairs	***Adopted FY25-26***	***Proposed FY26-27***	***Proposed FY27-28***	***FY25-26 to FY26-27 Variance***	***FY26-27 to FY27-28 Variance***
Reimbursements***	-	33,333	33,333	33,333	-
Revenue Total	**-**	**33,333**	**33,333**	**33,333**	**-**
Education Initiative	35,000	45,000	45,000	10,000	-
Employee Conference & Travel Expense (See Exh E)**	-	9,349	10,614	9,349	1,265
Employee Salaries & Benefits	1,078,575	1,292,910	1,375,545	214,335	82,635
Memberships & Sponsorships (See Exh D)**	-	3,356	2,809	3,356	(547)
Other Expenses*	167,400	130,500	137,470	(36,900)	6,970
Professional Services (See Exh J)	220,000	170,000	175,000	(50,000)	5,000
Expenditure Total	**1,500,975**	**1,651,115**	**1,746,438**	**150,140**	**95,323**

*Other Expenses include reproduction expenses and miscellaneous expenses.

**Cost Center reassigned (Employee Conference & Travel Expense and Memberships & Sponsorships moved from Cost Center 12 to Cost Center 32).

***Change in representation of reimbursement from prior year.

[4] Water Energy Education Alliance (WEEA) FY 2024-25 Year-End Report, July 2025 (https://go.mwdoc.com/9slQZT)

Cost Center 63: School Program (Choice)	*Adopted FY25-26*	*Proposed FY26-27*	*Proposed FY27-28*	*FY25-26 to FY26-27 Variance*	*FY26-27 to FY27-28 Variance*
Choice Revenue	504,809	525,029	542,643	20,220	17,614
Revenue Total	**504,809**	**525,029**	**542,643**	**20,220**	**17,614**
Employee Salaries & Benefits	17,151	20,677	23,093	3,526	2,416
Professional Services (See Exh J)	487,658	504,352	519,550	16,694	15,198
Expenditure Total	**504,809**	**525,029**	**542,643**	**20,220**	**17,614**

ENGINEERING & PLANNING

COST CENTER 21, 71 *(NEW)*

The Reliability Planning and Engineering (Engineering) efforts are varied and aimed at helping MWDOC Member Agencies navigate and understand the implications of long-term supply and emergency planning, as well as the numerous intricacies involved in coordinating with Metropolitan to provide imported water (e.g., service connections, metering of water, pipeline operations, water quality, etc.). Engineering activities tie directly back to MWDOC's mission and Strategic Priorities.

Fundamental activities include:

- Long-term water supply and demand analysis
- Emergency planning and coordination
- Coordination with Metropolitan on service connections, metering, and pipeline operations
- Water quality monitoring and communications
- Technical support for Member Agencies
- Regional planning and collaboration

KEY INITIATIVES FOR FY 2026-27 & FY 2027-28

Demographics Analysis with Center for Demographic Research – Ongoing partnership with California State University, Fullerton's Center for Demographic Research (CDR) to conduct comprehensive demographic analyses supporting long-term water supply and demand planning for Orange County. These analyses provide critical data for Member Agency planning efforts, UWMP updates, and regional water resource management decisions. MWDOC's membership with CDR is now funded through the Engineering cost center to ensure continued access to expert demographic analysis and forecasting.

GIS Implementation Project Continuation - Continue the multi-year GIS implementation effort in coordination with IT. Engineering-specific applications will focus on infrastructure mapping, asset management, emergency planning, spatial tools, service connection tracking, and integration with Metropolitan's systems. This work supports enhanced visualization and analysis of location-based and time-based data critical to Engineering operations.

Water Quality Data Hub Development (new) - Building upon the quarterly Water Quality Workgroups established in 2024, develop a centralized water quality data hub to improve communications and information sharing between Metropolitan, MWDOC, and our Member Agencies. This platform will enhance the timeliness of water quality reporting, provide access to monitoring data, and support Member Agencies' operational and planning needs.

Hydraulic Model Maintenance - Maintain and update the Orange County hydraulic model that supports water system planning, operations analysis, and emergency response capabilities. Regular model maintenance ensures accuracy and reliability for our Member Agency technical support and regional coordination with Metropolitan.

Consumer Confidence Reports - Continue coordinating and providing technical services to our Member Agencies and the cities of Fullerton and Santa Ana for the preparation of mandated water quality Consumer Confidence Reports (CCRs). This long-standing program saves participating agencies time and money while providing consistent regional water quality messaging in Orange County. In accordance with California Code of Regulations Title 22, Chapter 15, Article 20, and Health and Safety Code Section 116470, MWDOC fulfills its responsibility as a wholesale system to provide consecutive systems with relevant monitoring and compliance data.

Metropolitan Coordination and Technical Support - Provide ongoing technical coordination with Metropolitan on service connections, water quality issues, pipeline operations, and system reliability. This includes representation at Metropolitan technical committees, coordination on infrastructure projects, and advocacy for Orange County's interests in regional water system planning and operations.

Lead and Copper Rule Improvement Technical Support - Provide pass-through, Shared Service technical support to our Member Agencies as they navigate compliance with the Lead and Copper Rule Improvements. This assistance helps agencies understand regulatory requirements, develop compliance strategies, and implement necessary system improvements.

Cost Center 21: Engineering & Planning	***Adopted FY25-26***	***Proposed FY26-27***	***Proposed FY27-28***	***FY25-26 to FY26-27 Variance***	***FY26-27 to FY27-28 Variance***
CDR Support**	-	77,272	77,272	77,272	-
Employee Conference & Travel Expense (See Exh E)**	-	800	832	800	32
Employee Salaries & Benefits	728,457	881,536	963,563	153,079	82,027
Memberships & Sponsorships (See Exh D)**	-	15,333	16,406	15,333	1,073
Other Expenses*	7,500	-	-	(7,500)	-
Professional Services (See Exh J)	470,000	355,000	295,000	(115,000)	(60,000)
Software & Hardware**	4,900	-	-	(4,900)	-
Expenditure Total	**1,210,857**	**1,329,941**	**1,353,073**	**119,084**	**23,132**

*Other Expenses include miscellaneous expenses.
** Cost Center reassigned (CDR Support, Employee Conference & Travel Expense, and Memberships & Sponsorships moved from Cost Center 12 to Cost Center 21, Software & Hardware moved from Cost Center 21 to Cost Center 45).

Cost Center 71: Engineering (Choice)	***Adopted FY25-26***	***Proposed FY26-27***	***Proposed FY27-28***	***FY25-26 to FY26-27 Variance***	***FY26-27 to FY27-28 Variance***
Choice Revenue	-	203,000	215,667	203,000	12,667
Revenue Total	**-**	**203,000**	**215,667**	**203,000**	**12,667**
Professional Services (See Exh J)	-	203,000	215,667	203,000	12,667
Expenditure Total	**-**	**203,000**	**215,667**	**203,000**	**12,667**

WATER EMERGENCY RESPONSE

COST CENTER 25

MWDOC provides the administrative umbrella for WEROC. WEROC provides sector-specific emergency management services to 36 potable water and wastewater agencies serving Orange County communities. Acting as an extension of member agencies, WEROC delivers coordinated emergency management support tailored to the operational, regulatory, and risk environment of the water and wastewater sector. Services include emergency planning and plan review, regulatory compliance support, training and exercises, incident coordination, recovery assistance, and regional and statewide advocacy.

Fundamental activities include:

- Emergency planning and standard operating procedure development and review
- State and federal required training for grant eligibility and disaster readiness
- Disaster exercise development and facilitation
- Grant identification and application support
- Response and recovery coordination
- Regional coordination and situational awareness during incidents

KEY INITIATIVES FOR FY 2026-27 & 2027-28

Regional Fuel Resiliency Plan Development and Implementation - Advance and operationalize the Regional Water and Wastewater Fuel Plan, building on the comprehensive fuel database updated in 2025 with survey data from 32 of 36 member agencies. Complete gap analysis, develop strategies to address identified vulnerabilities, establish partnerships for fuel supply during emergencies, and integrate fuel planning into agency emergency response plans and regional coordination protocols.

America Water Infrastructure Act (AWIA) Compliance Support and Integration - Continue oversight of the multi-year AWIA contract, supporting participating agencies with five-year updates to Risk and Resilience Assessments and Emergency Response Plans. Transition focus from compliance completion to the integration of risk and resilience findings into agency planning processes, capital improvement programs, and operational procedures. Provide technical assistance for agencies implementing assessment recommendations and strengthening system resilience.

Training and Exercise Program - Continue delivering comprehensive training and exercise programs that strengthen workforce readiness and generate substantial cost savings for member agencies. Programs include Incident Command System (ICS) courses, Emergency Operations Center (EOC) section-specific training, cybersecurity awareness, communications, and alerting systems, and scenario-based tabletop and functional exercises. Support credentialing and professional development aligned with Standardized Emergency Management System (SEMS) and National Incident Management System (NIMS) requirements.

GIS Integration and Operational Tools - Continue expanding GIS capabilities in coordination with MWDOC's District-wide GIS implementation. Develop user-friendly emergency management dashboards, update damage assessment tools, enhance the Water and Wastewater Atlas with additional critical infrastructure layers, and integrate Public Safety Power Shutoff (PSPS) zone mapping. These tools support real-world coordination during

incidents and enhance situational awareness for Member Agencies and regional partners.

Emergency Water Distribution Capabilities - Build on partnerships established with cities, water agencies, and Community Emergency Response Team (CERT) volunteers to expand emergency drinking water distribution capabilities. Refine operational protocols validated during the January 2025 countywide CERT Full-Scale Exercise, develop additional distribution site locations, enhance water tender operations, and strengthen public messaging strategies for emergency water distribution scenarios.

Cybersecurity Coordination and Information Sharing - Enhance sector-specific cybersecurity threat notifications and information sharing in coordination with the Orange County Intelligence Assessment Center and the Department of Homeland Security Cybersecurity and Infrastructure Security Agency (CISA). Continue hosting regional cybersecurity exercises, provide technical assistance on cybersecurity preparedness, and facilitate information sharing on emerging threats and protective measures.

Regional Coordination and Incident Support - Maintain WEROC's role as the trusted regional coordination hub for water and wastewater emergency management. Provide coordination and situational awareness during incidents; facilitate timely information sharing; coordinate resource requests; support mutual aid through California Worker Adjustment and Retraining Notification (CalWARN); and strengthen relationships with county, state, and federal emergency management partners.

Hazard Mitigation Plan Implementation and Maintenance - Support participating agencies in implementing the federally-approved Multi-Jurisdictional Hazard Mitigation Plan, pursuing identified mitigation projects, and leveraging eligibility for federal hazard mitigation funding through April 2030. Coordinate plan maintenance updates and prepare for the next five-year plan update cycle.

Note: WEROC's budget is approved separately by the seven WEROC funding agencies (City of Anaheim, City of Fullerton, City of Santa Ana, Municipal Water District of Orange County, Orange County Sanitation District, Orange County Water District, and South Orange County Wastewater Authority). The WEROC FY 2026-27 budget was approved by the funding agencies on January 22, 2026.

Cost Center 25: WEROC	*Adopted FY25-26*	*Proposed FY26-27*	*Proposed FY27-28*	*FY25-26 to FY26-27 Variance*	*FY26-27 to FY27-28 Variance*
Revenue - Other	4,700	-	-	(4,700)	-
Revenue From MWDOC	353,149	365,686	391,347	12,537	25,661
WEROC Contracts	353,149	365,686	391,347	12,537	25,661
Revenue Total	**710,998**	**731,372**	**782,694**	**20,374**	**51,322**
Employee Conference & Travel Expense (See Exh E)	24,200	17,850	17,450	(6,350)	(400)
Employee Salaries & Benefits	652,248	678,722	721,894	26,474	43,172
Facilities & Vehicle Expenses	6,350	6,850	7,100	500	250
Memberships & Sponsorships (See Exh D)	1,450	950	950	(500)	-
Other Expenses*	4,750	3,500	3,500	(1,250)	-
Professional Services (See Exh J)	-	-	5,000	-	5,000
Software & Hardware	14,000	15,500	16,800	1,500	1,300
Training Expense (See Exh J)	8,000	8,000	10,000	-	2,000
Expenditure Total	**710,998**	**731,372**	**782,694**	**20,374**	**51,322**

*Other Expenses include office supplies and miscellaneous expenses.

WATER USE EFFICIENCY

COST CENTERS 34, 35, 62

Water Use Efficiency collaborates with Member Agencies, cities, and stakeholders to promote water use efficiency and sustainable water practices. MWDOC advocates for water-related policies at the state level, supporting regulations and legislation that promote responsible water use. Conservation and efficient water use remain the underpinning of California's comprehensive long-term water supply reliability strategy.

MWDOC and Metropolitan offer a broad menu of incentives, education, pay-for-performance, and technical assistance programs to all customer classes. Metropolitan's Conservation Credits Program provides foundational funding for these programs, and MWDOC supplements Metropolitan's incentives with additional local, state, and federal funding. Together, these funding contributions greatly minimize or eliminate funding requirements from Member Agencies. With approximately 60% of Orange County's total water use applied to irrigating landscapes, most program implementation efforts focus on landscape water efficiency.

Fundamental activities include:

- Landscape water use efficiency programs (Turf Replacement, Smart Irrigation Timers, Spray-to-Drip Conversions, Low-volume Sprinkler Nozzles)
- Regulatory compliance support
- Grant acquisition and program funding coordination
- Regional program development and implementation
- Monthly Water Use Efficiency Workgroup meetings
- Consumer education and outreach
- Program marketing and communications
- Research and evaluation

KEY INITIATIVES FOR FY 2026-27 & 2027-28

Conservation Framework Technical Assistance Program - Assist Member Agencies in preparing for and achieving compliance with the Conservation as a California Way of Life Framework (the Conservation Framework), adopted by the State Water Board in July 2024, which includes a 2027 Urban Water-Use Objective compliance deadline. MWDOC contracted with Environmental Incentives, Inc. (with subconsultants Maureen Erbeznik and Associates and M.Cubed) in a five-year engagement beginning March 2025 to provide comprehensive technical assistance. Services offered to Member Agencies through the Choice-based structure include Readiness Assessments, Framework Compliance Plans, CII BMP Implementation Plans, CII Customer Classification Systems, and Annual Reporting support and data management.

Landscape Area Measurements Program - Complete landscape classification and measurement services in partnership with Member Agencies and consultant NV5 to support compliance with the Conservation Framework. MWDOC contracted with NV5 in 2021 for Choice-based Member Agency services, including (1) measurement and classification of landscape areas associated with dedicated irrigation meters (DIMs), which is required for calculating the Urban Water Use Objective with a regulatory deadline of 2028; (2) identification of landscapes greater than ½ acre irrigated by mixed-use meters, which is required by the CII Performance Measures component of the Conservation Framework with a regulatory deadline of 2027; and (3) reconciliation of DIM and residential

landscape area measurements conducted by Department of Water Resources to ensure data accuracy and completeness.

Water Use Efficiency Workgroup Framework Support - Facilitate monthly Water Use Efficiency Workgroup meetings to build awareness and knowledge of the Conservation Framework among Member Agency staff. Utilize the Environmental Incentives consultant team to provide deep dives into focused Framework components, create opportunities for information sharing among agencies, and facilitate detailed question-and-answer sessions.

Nonfunctional Turf - Support Member Agencies and public and private commercial property owners with compliance of AB1572, which bans the potable irrigation of non-functional turf starting in 2027. Disseminate information through marketing campaigns, public speaking engagements, and other public interactions.

Landscape Water Efficiency Program Implementation - Continue emphasizing the importance of landscape water use efficiency programs and promoting all programs and resources to consumers in collaboration with Member Agencies. Maximize access to grant funding for program implementation to minimize local funding requirements.

Refreshed Rebate Processing Platform - Implement MWDOC's upgraded rebate processing platform to deliver a top-of-the-line experience for members of the public and Member Agency staff. In January 2026, MWDOC contracted with Submittable Holdings, Inc. for a minimum of five years to deliver a fully refreshed platform with enhanced aesthetics and increased administrative efficiencies.

Research and Evaluation - Conduct, support, and engage with innovative research that advances water use efficiency, regulatory compliance, and related initiatives. Evaluate MWDOC's Trees as a Sustainability Feature Pilot, designed to reduce public costs and increase the benefits of the Turf Replacement Program. Evaluate MWDOC's Pressure Regulating Valve Pilot. Continue to engage in research efforts organized through the California Water Efficiency Partnership, Alliance for Water Efficiency, local universities, and other partners.

Data Innovation - Utilize the newly-upgraded water use efficiency database with updated functionality to store, visualize, and share information with Member Agencies and the public, serving as a regional water use efficiency data hub.

OC Data Acquisition Partnership - Participate in the OC Data Acquisition Partnership to acquire new aerial imagery and related products that support legislative compliance, research activities, water use efficiency program quality control, and other Member Agency needs.

Cost Center 34: Water Use Efficiency (Outside Funding)	*Adopted FY25-26*	*Proposed FY26-27*	*Proposed FY27-28*	*FY25-26 to FY26-27 Variance*	*FY26-27 to FY27-28 Variance*
Department Of Water Resources	395,962	387,775	205,000	(8,187)	(182,775)
Grants From USBR	519,051	321,936	58,750	(197,115)	(263,186)
Revenue - Member Agencies	1,572,525	756,804	424,812	(815,721)	(331,992)
Revenue From MWD	5,861,960	5,476,000	5,547,000	(385,960)	71,000
Revenue Total	**8,349,498**	**6,942,515**	**6,235,562**	**(1,406,983)**	**(706,953)**
Consulting Services	8,349,498	6,942,515	6,235,562	(1,406,983)	(706,953)
Expenditure Total	**8,349,498**	**6,942,515**	**6,235,562**	**(1,406,983)**	**(706,953)**

Cost Center 35: Water Use Efficiency	*Adopted FY25-26*	*Proposed FY26-27*	*Proposed FY27-28*	*FY25-26 to FY26-27 Variance*	*FY26-27 to FY27-28 Variance*
Employee Conference & Travel Expense (See Exh E)**	-	18,320	18,522	18,320	202
Employee Salaries & Benefits	301,967	296,479	311,917	(5,488)	15,438
Memberships & Sponsorships (See Exh D)	8,550	9,050	9,250	500	200
Other Expenses*	6,000	6,000	6,000	-	-
Professional Services (See Exh J)	215,000	70,000	75,000	(145,000)	5,000
Expenditure Total	**531,517**	**399,849**	**420,689**	**(131,668)**	**20,840**

*Other Expenses include miscellaneous expenses.

**Cost Center reassigned (Employee Conference & Travel Expense moved from Cost Center 12 to Cost Center 35).

Cost Center 62: Water Use Efficiency (Choice)	*Adopted FY25-26*	*Proposed FY26-27*	*Proposed FY27-28*	*FY25-26 to FY26-27 Variance*	*FY26-27 to FY27-28 Variance*
Choice Revenue	1,183,382	945,996	990,151	(237,386)	44,155
Revenue Total	**1,183,382**	**945,996**	**990,151**	**(237,386)**	**44,155**
Employee Salaries & Benefits	1,037,202	790,396	849,551	(246,806)	59,155
Other Expenses*	6,650	6,500	6,500	(150)	-
Professional Services (See Exh J)	139,530	149,100	134,100	9,570	(15,000)
Expenditure Total	**1,183,382**	**945,996**	**990,151**	**(237,386)**	**44,155**

*Other Expenses include postage and miscellaneous expenses.

WATER LOSS CONTROL

COST CENTERS 36 *(NEW)*, 70

MWDOC's Water Loss Control (WLC) program helps Member Agencies improve operational accountability by auditing water supplies and implementing controls to minimize system losses. The program comprises two integral components: the Water Loss Control Technical Assistance Program (WLC-TAP), which provides data analysis services that help agencies comply with state regulations and strategically guide field interventions to achieve an economically optimized level of water loss, and the WLC Shared Services Program, which provides field interventions such as leak detection, customer meter accuracy testing, and pressure surveys.

Since 2015, water loss control regulations have evolved through Senate Bill 555, SB 606, Assembly Bill 1668, AB 1414, and an extensive State Water Resources Control Board formal rulemaking process. To meet Member Agency needs, the WLC-TAP has expanded from five (5) to twelve (12) technical assistance tasks. The WLC Shared Services Program has played an integral role in reducing water loss across the county, with over 7,000 miles of main surveyed and 3,842 leaks found and repaired to date. Every Orange County retail water agency has participated in either the WLC-TAP or the WLC Shared Services Program.

Fundamental activities include:

- Water Loss Control Technical Assistance Program (WLC-TAP)
- Distribution system leak detection services
- Customer meter accuracy testing
- Pressure surveys and system analysis
- Bi-monthly Water Loss Control Workgroup meetings
- State regulatory compliance support
- Water audit validation

KEY INITIATIVES FOR FY 2026-27 & 2027-28

Water Loss Control Technical Assistance Program - Continue providing comprehensive one-on-one technical assistance to Member Agencies through Choice-funded services. In November 2025, the Board approved a new professional services agreement to continue the Water Loss Control Technical Assistance Program (WLC-TAP), which has been in existence for 10 years and has overwhelmingly positive agency participation and feedback. Technical assistance services include State Water Resources Control Board water loss standard assistance, water audit compilation, source or production meter volumetric accuracy testing, water loss compliance plan development, and billing data chain assessment. These activities are fully funded by a combination of participating agency and Metropolitan funding and, therefore, have not previously been included in the MWDOC budget. Starting with the FY26-28 Biennial Budget, the revenue and expenses for these activities are now reflected in the Water Loss Control Choice Budget.

Distribution System Leak Detection Services - Continue expanding the District's highly successful leak detection services that have grown from an initial 500 miles per year to more than 1,600 miles per year. As of FY 2025-26, 26 out of 29 Orange County retail water agencies (89%) have accessed these services. To date, 3,842 hidden leaks

(leaks that have not surfaced) have been found through this program, with water savings estimated at more than 1,070 acre-feet per year (valued at $908,111 annually based on variable production and customer retail unit costs). Beyond variable cost savings, the program has saved Member Agencies significant capital costs by detecting and repairing system leaks before they result in potentially catastrophic damage to facilities, assets, or private property.

Metropolitan Funding Coordination - Continue securing Metropolitan funding to offset costs for participating retail agencies, maximizing the value of the Water Loss Control program and minimizing local funding requirements.

Water Loss Control Workgroup - Facilitate bi-monthly Water Loss Control Workgroup meetings with consistent, robust attendance from retail water agency staff. These workgroups serve as a venue for agencies to develop an understanding of water loss control regulations and best practices, share experiences and ideas, and receive updates on regulatory developments and technical assistance opportunities.

Regulatory Compliance Support - Provide ongoing monitoring, tracking, and technical assistance to help Member Agencies comply with existing and evolving water loss control regulations. Advocate for Orange County agencies by interfacing directly with the State Water Resources Control Board and Department of Water Resources staff. Support agencies in meeting reporting requirements, achieving compliance targets, and implementing cost-effective water loss reduction strategies.

Data Management and Analysis Tools - Continue utilizing and enhancing dashboards developed to manage, analyze, and interpret compliance trends, customer meter accuracy testing results, and leak detection data. These tools support both MWDOC staff program management and Member Agency decision-making.

Cost Center 36: Water Loss Control	***Adopted FY25-26***	***Proposed FY26-27***	***Proposed FY27-28***	***FY25-26 to FY26-27 Variance***	***FY26-27 to FY27-28 Variance***
Employee Conference & Travel Expense (See Exh E)**	-	13,750	14,305	13,750	555
Employee Salaries & Benefits**	-	183,456	199,012	183,456	15,556
Memberships & Sponsorships (See Exh D)**	-	2,285	2,376	2,285	91
Professional Services (See Exh J)**	-	100,000	100,000	100,000	-
Expenditure Total	**-**	**299,491**	**315,693**	**299,491**	**16,202**

**Cost Center reassigned (Employee Salaries & Benefits and Professional Services moved from Cost Center 35 to Cost Center 36, Employee Conference & Travel Expense and Memberships & Sponsorships moved from Cost Center 12 to Cost Center 36).

Cost Center 70: Water Loss Control (Choice)	*Adopted FY25-26*	*Proposed FY26-27*	*Proposed FY27-28*	*FY25-26 to FY26-27 Variance*	*FY26-27 to FY27-28 Variance*
Choice Revenue	369,444	1,121,329	1,172,610	751,885	51,281
Revenue From MWD	312,321	248,355	248,355	(63,966)	-
Revenue Total	**681,765**	**1,369,684**	**1,420,965**	**687,919**	**51,281**
Employee Salaries & Benefits	574,575	621,384	661,645	46,809	40,261
Facilities & Vehicle Expenses	10,500	14,100	14,120	3,600	20
Other Expenses*	9,000	9,000	10,000	-	1,000
Professional Services (See Exh J)	83,270	720,000	730,000	636,730	10,000
Software & Hardware	2,420	3,200	3,200	780	-
Training Expense (See Exh J)	2,000	2,000	2,000	-	-
Expenditure Total	**681,765**	**1,369,684**	**1,420,965**	**687,919**	**51,281**

*Other Expenses include miscellaneous expenses.

METROPOLITAN & WATER RESOURCES

COST CENTER 23

Metropolitan Issues and Water Policy provides analysis on regional issues and policies, as well as water supply and demand coordination and analysis. Over the years, the Metropolitan Issues and Water Policy team has also become the primary clearinghouse on local, regional, state, and federal water policy issues. Staff ensures all key policy issues are analyzed and thoroughly evaluated for the MWDOC Board of Directors, our MWDOC-MET Delegation, and MWDOC's Member Agencies. As it relates to Metropolitan issues, the team represents and advocates for Orange County on local resource projects and programs, water costs and rates, regional storage, water supply reliability management, demand management programs, water use efficiency programs, and water policy implementation.

Fundamental activities include:

- Metropolitan policy analysis and Board engagement
- Preparation and delivery of Metropolitan pass-through water charges to member agencies
- Preparation of monthly/annual water usage reports and maintenance of various water usage databases
- Water supply reporting, demand coordination, and forecasting
- Regional and state water policy monitoring and analysis
- Financial and rate analysis
- Orange County advocacy on Metropolitan issues
- Strategic planning and long-term reliability assessment
- Coordination with the MWDOC-MET Delegation

KEY INITIATIVES FOR FY 2026-27 & 2027-28

Pure Water Southern California Development - Evaluate and analyze Pure Water Southern California's planning, staging, and financial configuration as Metropolitan presents proposals to its Board for consideration. Conduct cost-of-service analysis to assess rate impacts on MWDOC and Member Agencies. Advocate for cost-effective implementation that supports regional water supply reliability while maintaining equitable cost allocation. Monitor project development milestones, financing strategies, and integration with Metropolitan's overall water supply portfolio.

State Water Project Reliability Enhancement - Support prioritizing improvements to the operational flexibility of State Water Project-dependent areas of the Metropolitan system to ensure a balanced reliability for all Metropolitan Member Agencies. Encourage Metropolitan's engagement in addressing subsidence issues along the California Aqueduct and in investing in additional storage access, particularly through involvement in the Sites Reservoir. Advocate for Metropolitan to renegotiate storage and banking programs along the State Water Project to improve "take" capacity and enhance drought resilience.

Colorado River Post-2026 Guidelines Implementation - Monitor key meetings and discussions on Colorado River management following implementation of post-2026 updated guidelines. Analyze impacts on Metropolitan's Colorado River supplies and associated costs to MWDOC and its Member Agencies. Advocate for suitable Colorado River salinity control measures and actions. Coordinate with California water agencies and the MWDOC-MET

Delegation to protect Orange County's interests in Colorado River management decisions.

Climate Adaptation Master Plan for Water - Fully engage in Metropolitan's Climate Adaptation Master Plan for Water (CAMP4W) process while Metropolitan analyzes additional long-term improvements to create a drought-resilient network of facilities that strengthens regional water supply reliability. Evaluate Time-Bound Targets, the Framework for Climate Decision-Making, new policies and initiatives, and alignment with Metropolitan's Business Model. Continue dialogue to develop meaningful long-term objectives and reinforce collective dedication to advancing Metropolitan's mission while protecting Orange County interests.

Cost Center 23: Metropolitan & Water Resources	***Adopted FY25-26***	***Proposed FY26-27***	***Proposed FY27-28***	***FY25-26 to FY26-27 Variance***	***FY26-27 to FY27-28 Variance***
Employee Conference & Travel Expense (See Exh E)**	-	850	884	850	34
Employee Salaries & Benefits	482,629	537,633	564,246	55,004	26,613
Memberships & Sponsorships (See Exh D)**	-	17,680	18,387	17,680	707
Other Expenses*	1,500	1,500	1,500	-	-
Professional Services (See Exh J)	100,000	95,000	103,000	(5,000)	8,000
Expenditure Total	**584,129**	**652,663**	**688,017**	**68,534**	**35,354**

*Other Expenses include miscellaneous expenses.

**Cost Center Reassigned (Employee Conference & Travel Expense and Memberships & Sponsorships moved from Cost Center 12 to Cost Center 23).

GOVERNMENT AFFAIRS & POLICY

COST CENTER 31

Government Affairs (GA) works at the local, state, and national levels with Member Agencies, regional partners (the cities of Anaheim, Fullerton, and Santa Ana, Metropolitan, and Metropolitan Member Agencies), organizations, delegations, regulatory agencies, and bureaus to advance Orange County's water agenda. Central to this effort are policy, legislative, and regulatory developments and opportunities.

GA relies on local, state, and federal advocates to track, monitor, and assist in educational outreach. The Grants Tracking and Acquisition Program continues to be an asset for Member Agencies, providing timely information and helpful tools to obtain funding for various programs and infrastructure. Outreach to new and returning members of the Orange County congressional, state, and local delegations remains a high priority.

Fundamental activities include:

- Federal, state, and local legislative outreach and advocacy
- Grant identification and application support
- Orange County delegation engagement
- Policy analysis and position development
- Coalition building and stakeholder coordination
- Regulatory compliance advocacy
- Administration of the Water Advisory Committee of Orange County (WACO) and the Independent Special Districts of Orange County (ISDOC)

KEY INITIATIVES FOR FY 2026-27 & 2027-28

WaterSMART Grant Program Advocacy - Work with the Orange County Congressional delegation and federal administration to maintain and advocate for WaterSMART grant funding opportunities that benefit Orange County water agencies. Collaborate with the Water Use Efficiency and Water Loss Control to enhance MWDOC's programs by highlighting successes while actively working to increase federal funding opportunities. Currently, the United States Bureau of Reclamation's WaterSMART grant program does not provide grants for distribution system leak detection. Meet with members of the Orange County congressional delegation to highlight Water Loss Control program successes and request assistance with the Bureau. Meet with WaterSMART program staff and other Bureau personnel to advocate for expanded funding criteria. Work with Bureau staff or Congress to modify funding criteria to include distribution system leak detection and other water efficiency measures.

Conservation as a California Way of Life Compliance Advocacy - Engage in state-level advocacy to support Member Agency compliance with Conservation as a California Way of Life Framework requirements. Advocate for adequate state funding and technical assistance to support compliance efforts. Coordinate with Member Agencies to identify and address implementation challenges.

Colorado River Post-2026 Operations - Continue monitoring activities and processes relating to Colorado River management following the expiration of interim guidelines and drought contingency plans at the end of 2026.

Work with California water agencies to present strong arguments and messaging for California's role and leadership in the Colorado River Basin. Identify opportunities to engage the California congressional delegation to support legislation that helps California and the Basin. Ensure dedicated federal dollars benefit California water agencies. Coordinate with Metropolitan's Washington, D.C. staff on all Colorado River matters to support Metropolitan as the water rights holder for MWDOC's imported water from the Colorado River. Once the new operating agreement has been adopted by all seven states and Mexico, both federal and state legislation will be required for implementation, so the focus will shift to legislation development.

Low-Income Rate Assistance (LIRA) Program Development - Support water industry-led efforts to develop workable low-income rate assistance programs. Participate in working groups and task force meetings with the California Municipal Utilities Association (CMUA) and Association of California Water Agencies (ACWA). Meet with members of the Orange County delegation to request support for industry-sponsored proposals. Engage in outreach efforts that highlight the need for flexibility in LIRA programs, recognizing that different water providers serve different populations and have varying administrative infrastructure and funding capabilities to implement programs.

Grants Training and Capacity Building - Provide grants training led by experienced and successful grant consultants to build capacity among MWDOC and Member Agency staff. Training will cover strategies for crafting competitive proposals, understanding funding agency priorities, developing program budgets, and navigating application processes. Enhance Member Agencies' abilities to secure federal, state, and local funding for water infrastructure, conservation programs, and other priority projects.

State Legislative and Regulatory Engagement - Track, analyze, and engage on state legislation and regulations affecting water agencies, including water supply development, conservation requirements, water quality standards, and utility operations. Coordinate with water industry associations and coalition partners to advance positions that benefit Orange County water agencies and their customers.

Cost Center 31: Government Affairs & Policy	***Adopted FY25-26***	***Proposed FY26-27***	***Proposed FY27-28***	***FY25-26 to FY26-27 Variance***	***FY26-27 to FY27-28 Variance***
Employee Conference & Travel Expense (See Exh E)**	-	27,107	26,505	27,107	(602)
Employee Salaries & Benefits	247,546	183,584	185,740	(63,962)	2,156
Memberships & Sponsorships (See Exh D)**	12,500	69,178	71,883	56,678	2,705
Other Expenses*	1,500	10,000	10,000	8,500	-
Professional Services (See Exh J)	394,000	370,000	370,000	(24,000)	-
Training Expense (See Exh J)	15,000	-	-	(15,000)	-
Expenditure Total	**670,546**	**659,869**	**664,128**	**(10,677)**	**4,259**

*Other Expenses include miscellaneous expenses.

**Cost Center reassigned (Employee Conference & Travel Expense and Memberships & Sponsorships moved from Cost Center 12 to Cost Center 31).

7. CHOICE & SHARED SERVICES PROGRAMS FOR FY 2026-27 AND 2027-28

MWDOC also offers several programs through a Shared Services structure via the Choice Program format.[5] This provides MWDOC's Member Agencies with a framework for pooling resources to develop high-quality programs with an economies-of-scale approach. Many of these program offerings provide Member Agencies with a pathway to meet regulatory requirements, adhere to best management practices, and perform other common water utility functions at a fraction of the cost or administrative burden of implementing the program individually. Additionally, by participating in these programs, MWDOC's Member Agencies can customize them to suit their individual needs while ensuring consistency and integration across MWDOC's service area.

PERMANENT CHOICE PROGRAMS

WATER USE EFFICIENCY

MWDOC's Water Use Efficiency Program is implemented as a hybrid program with policy, workgroup, and grant acquisition-related tasks funded as Core activities through the MWDOC General Fund and all other activities funded by participating retail agencies as Choice activities. All Orange County retail agencies actively participate in MWDOC's Choice-based Water Use Efficiency Programs.

MWDOC continues to develop, implement, and evaluate a broad menu of water use efficiency programs on behalf of its Member Agencies. These programs serve all customer classes and water-use types, with an emphasis on landscape water-saving opportunities, as approximately 60% (and sometimes up to 80%) of total water use in Orange County is used for landscaping. Staff will continue to maximize grant funding to minimize local funding needs.

Shared Services that support Member Agencies' compliance with the Making Conservation a California Way of Life Framework (Conservation Framework) are offered through the Conservation Framework Technical Assistance Program (Framework TAP) and the Meter Area Measurements Program (MAM Program).

Through the Framework TAP, Member Agencies may access consultant services for Compliance Readiness Assessments, Framework Compliance Plans, Commercial, Industrial, and Institutional (CII) BMP Implementation Plans, CII Customer Classification Systems, and annual reporting support and data management. Twenty-one (21) of Orange County's twenty-six (26) urban water suppliers have accessed these services. In addition to providing funding through Metropolitan's Conservation Credits Program, MWDOC has secured two federal grants totaling $200,000 for this project. Through 2025, MWDOC has provided a 60% cost-share, directly reducing Member Agency participation costs.

[5] The schedule for the Budget process impacts the timing of Choice Budget elections by Member Agencies. Therefore, the Choice Budget estimates in the Draft Budget should be considered preliminary.

The MAM Program supports Member Agency compliance with the landscape mapping requirements of the Conservation Framework, including the identification, measurement and classification of landscape areas associated with dedicated irrigation meters (DIMs), the identification of landscapes greater than ½ acre irrigated by mixed-use meters, and the reconciliation of DIM and residential landscape area measurements conducted by the Department of Water Resources to ensure data accuracy and completeness. Twenty (20) Orange County urban water suppliers access the MAM program. With funding from the Metropolitan Conservation Credits Program and $218,000 in procured state grant funding, MWDOC has provided an 80% cost share for this Program, significantly reducing the cost of Member Agency participation.

WATER LOSS CONTROL SHARED SERVICES

MWDOC's Water Loss Control program is centered around Shared Services. Since 2019, MWDOC has offered Water Audit Validation, Distribution System Leak Detection services, Meter Accuracy Testing, and Pressure Surveys as ongoing Shared Services. Water Audit Validation remains a popular service, with 25 agencies using MWDOC to validate their water audits in compliance with SB 555. The Meter Accuracy Testing program has seen increased participation, with over 2,700 meters tested to date.

Distribution System Leak Detection services have expanded significantly since 2020. There has been over a 220% increase in the miles of distribution system surveyed from FY 2019-20 to FY 2025-26, bringing the total surveyed to 7,163 miles. Additionally, the number of agencies accessing these services each year has also been increasing over time. As of FY 2025-26, 26 out of 29 retail water agencies (89%) in Orange County have accessed these services.

To date, 3,842 hidden leaks (leaks that have not surfaced) have been found through this program. Water savings are estimated at more than 1,070 acre-feet per year with a value of $908,111 annually (based on variable production and customer retail unit costs). Additionally, MWDOC has secured funding from Metropolitan to offset costs to participating retail agencies. In addition to the variable costs, MWDOC's Water Loss Control Program has saved MWDOC's Member Agencies significant capital costs by detecting and repairing system leaks before they result in potentially catastrophic damage to facilities, assets, or private property.



MWDOC leak detection technicians use listening equipment to find hidden leaks.

K-12 WATER EDUCATION PROGRAM

Through interactive assemblies and inquiry-based activities aligned with academic standards, Orange County's youngest water users develop a strong foundation in water knowledge. This prepares them to make informed decisions about water usage and how to protect its long-term quality and availability. The MWDOC Choice School Programs save Orange County water providers significant time and money while providing consistent, vetted, water-focused educational programming for all students participating in the programs and encouraging the next generation to consider careers in water.

LIMITED-TERM SHARED SERVICES PROGRAMS

LEAD AND COPPER RULE IMPROVEMENT TECHNICAL SUPPORT

Provide pass-through, Shared Service technical support to Member Agencies as they navigate compliance with the Lead and Copper Rule Improvements. This assistance helps agencies understand regulatory requirements, develop compliance strategies, and implement necessary system improvements.



8. WATER RATES AND CHARGES

MWDOC's rates and fees generally fall into three categories: (1) pass-through of costs from Metropolitan for imported water rates and charges; (2) specific charges for services contracted by our Member Agencies (Choice Budget); and (3) charges for MWDOC services that apply to all our Member Agencies (Core Budget).

MWDOC's revenue funding for its Core Budget is comprised of the Retail Meter Service Charge and the Groundwater Customer Charge. The rate structure was initially developed as part of the 2016 rate study and was implemented by the MWDOC Board of Directors for FY 2016-17. The rate structure was reevaluated in 2021, with modifications to the methodology for the Groundwater Customer Charge. This 2021 rate structure is used for the FY 2026-27 and FY 2027-28 Budget and rates.

PROPOSED NEW RATES

Based on the Proposed Budget and the current rate structure:

- **For FY 2026-27, the proposed Retail Meter Service Charge is $15.70 per meter**
- **For FY 2027-28, the proposed Retail Meter Service Charge is $16.25 per meter**

- **For FY 2026-27, the proposed Groundwater Customer Charge is $427,658**
- **For FY 2027-28, the proposed Groundwater Customer Charge is $441,989**

All other charges cover the cost of water supply, including Metropolitan water purchases and Metropolitan-associated charges (i.e., Readiness-to-Serve (RTS), Capacity Charge, Treated Peaking Capacity Charge, Treatment Used Standby Capacity Charge, and Treatment Remaining Standby Capacity).

The proposed Total Water Budget for FY 2026-27 and FY 2027-28 includes water purchases of 119,158 Acre-Feet (AF) and 124,158 AF, respectively, as well as anticipated Local Resource Program incentives of $2,872,750 and $2,987,660 respectively, a decrease of -$967,826 (-25.2%), RTS Charges, Capacity Charges, Treated Peaking Capacity Charge, Treatment Used Standby Capacity Charge, Treatment Used Standby Charge, and the South County Pipeline (SCP) / Santiago Aqueduct Commission (SAC) Surcharge[6].

[6] Summary of Water Fund revenues and expenses can be found in Exhibit A5.

Biennial Budget
for
Fiscal Years 2026–2027 & 2027–2028

Second Draft

MWDOC's mission is:

To provide reliable, high-quality supplies from MWD and other sources to meet present and future needs, at an equitable and economical cost, and to promote water use efficiency for all of Orange County

Municipal Water District of Orange County (MWDOC) Biennial Budget
Summary Of Revenue And Expenses By Accounts
Core Fund

	Adopted FY25-26	Projected FY25-26	Proposed FY26-27	Proposed FY27-28	FY25-26 to FY26-27 Variance	FY26-27 to FY27-28 Variance
Revenue						
4050-RETAIL CONNECTION CHARGE (See Exh C)	$ 9,939,371	$ 9,939,371	$ 10,278,727	$ 10,686,812	$ 339,356	$ 408,085
4055-GROUND WATER CUSTOMER CHARGE	$ 414,371	$ 414,371	$ 427,658	$ 441,989	$ 13,287	$ 14,331
4105-INTEREST REVENUE	$ 916,000	$ 931,000	$ 962,952	$ 810,785	$ 46,952	$ (152,167)
4230-REIMBURSEMENTS	$ -	$ 1,222,000	$ 33,333	$ 33,333	$ 33,333	$ -
4240-MISCELLANEOUS INCOME	$ 5,000	$ 1,200	$ 5,000	$ 5,000	$ -	$ -
4705-PRIOR YEAR CARRYOVER	$ -	$ -	$ 195,380	$ 54,763	$ 195,380	$ (140,617)
4XXX-REIMB FROM OPEB RESERVE/115 TRUST	$ 122,517	$ 107,000	$ 123,710	$ 128,658	$ 1,193	$ 4,948
Revenue Total	**$ 11,397,259**	**$ 12,614,942**	**$ 12,026,760**	**$ 12,161,340**	**$ 629,501**	**$ 134,580**
Expenditure						
6010-SALARIES AND WAGES - ADMIN	$ 4,952,736	$ 4,852,009	$ 5,351,613	$ 5,750,566	$ 398,877	$ 398,953
6012-GRANT RECOVERY - SALARIES	$ (33,000)	$ (33,000)	$ -	$ -	$ 33,000	$ -
6090-DIRECTORS COMPENSATION - MWDOC	$ 281,917	$ 275,208	$ 290,942	$ 300,923	$ 9,025	$ 9,981
6095-DIRECTORS COMPENSATION-MET	$ 161,096	$ 156,399	$ 166,253	$ 171,956	$ 5,157	$ 5,703
6105-BENEFITS ADMIN	$ 1,525,517	$ 1,598,515	$ 1,804,911	$ 1,892,367	$ 279,394	$ 87,456
6109-UNFUNDED PENSION	$ 207,000	$ 207,000	$ 207,000	$ 207,000	$ -	$ -
6111-OVERHEAD REIMBURSEMENT	$ (504,105)	$ (94,640)	$ (437,856)	$ (469,044)	$ 66,249	$ (31,188)
6115-DIRECTORS BENEFITS	$ 158,371	$ 152,929	$ 178,489	$ 188,908	$ 20,118	$ 10,419
6120-HEALTH INSURANCE FOR RETIREES	$ 122,517	$ 107,000	$ 123,710	$ 128,658	$ 1,193	$ 4,948
6205-TRAINING EXPENSE (See Exh J)	$ 82,445	$ 52,000	$ 56,500	$ 58,500	$ (25,945)	$ 2,000
6210-TUITION REIMBURSEMENT	$ 6,500	$ 7,662	$ 6,900	$ 7,100	$ 400	$ 200
6220-TEMPORARY HELP EXPENSE	$ 5,000	$ -	$ 5,000	$ 5,000	$ -	$ -
7010-OUTSIDE CONSULTING SERVICES (See Exh J)	$ 570,000	$ 1,707,850	$ 450,000	$ 398,000	$ (120,000)	$ (52,000)
7020-LEGAL EXPENSE (See Exh J)	$ 260,000	$ 266,000	$ 257,040	$ 263,121	$ (2,960)	$ 6,081
7030-AUDIT EXPENSE (See Exh J)	$ 37,445	$ 32,455	$ 38,418	$ 39,420	$ 973	$ 1,002
7040-PROFESSIONAL SERVICES (See Exh J)	$ 914,200	$ 821,000	$ 870,675	$ 824,014	$ (43,525)	$ (46,661)
7110-CONFERENCE - EMPLOYEE (See Exh E)	$ 42,497	$ 39,465	$ 46,111	$ 48,570	$ 3,614	$ 2,459
7115-CONFERENCE EXPENSE-DIRECTOR (See Exh F)	$ 17,155	$ 21,095	$ 21,784	$ 22,617	$ 4,629	$ 833
7150-TRAVEL/ACCOMMODATION-EMPLOYEE (See Exh E)	$ 85,900	$ 78,169	$ 75,620	$ 77,826	$ (10,280)	$ 2,206
7155-TRAVEL/ACCOMMODATION-DIRECTOR (See Exh F)	$ 36,625	$ 36,050	$ 31,400	$ 32,536	$ (5,225)	$ 1,136
7210-MEMBERSHIP & SPONSORSHIP (See Exh D)	$ 221,386	$ 220,941	$ 213,352	$ 221,864	$ (8,034)	$ 8,512
7220-EDUCATION INITIATIVE	$ 35,000	$ -	$ 45,000	$ 45,000	$ 10,000	$ -
7250-CDR SUPPORT	$ 72,650	$ 72,648	$ 77,272	$ 77,272	$ 4,622	$ -
7305-BUSINESS EXPENSE	$ 5,500	$ 5,607	$ 5,720	$ 5,949	$ 220	$ 229
7310-OFFICE MAINTENANCE	$ 156,000	$ 150,000	$ 163,385	$ 169,921	$ 7,385	$ 6,536
7315-BUILDING REPAIR & MAINTENANCE	$ 57,200	$ 59,000	$ 64,381	$ 66,957	$ 7,181	$ 2,576
7320-STORAGE RENTAL AND EQUIP LEASE	$ 1,125	$ 1,000	$ 1,170	$ 1,217	$ 45	$ 47
7330-OFFICE SUPPLIES	$ 28,000	$ 25,000	$ 28,000	$ 29,120	$ -	$ 1,120
7340-POSTAGE-MAIL DELIVERY	$ 8,800	$ 7,500	$ 8,124	$ 8,209	$ (676)	$ 85
7350-SUBSCRIPTIONS-BOOKS	$ 10,000	$ 11,500	$ 6,500	$ 6,760	$ (3,500)	$ 260
7360-REPRODUCTION EXPENSE	$ 108,500	$ 110,000	$ 104,000	$ 109,970	$ (4,500)	$ 5,970
7410-COMPUTER AND PERIPHERALS MAINT	$ 15,850	$ 13,000	$ 15,300	$ 16,853	$ (550)	$ 1,553
7430-SOFTWARE PURCHASE	$ 269,311	$ 154,900	$ 228,543	$ 241,259	$ (40,768)	$ 12,716
7440-SOFTWARE SUPPORT	$ 20,000	$ 59,600	$ 3,600	$ 3,800	$ (16,400)	$ 200
7450-COMPUTERS AND EQUIPMENT	$ 45,250	$ 30,000	$ 12,750	$ 12,750	$ (32,500)	$ -
7610-AUTOMOTIVE EXPENSE-MILEAGE	$ 11,500	$ 10,600	$ 11,500	$ 11,680	$ -	$ 180
7615-TOLL ROAD CHARGES	$ 550	$ 500	$ 550	$ 560	$ -	$ 10
7620-INSURANCE EXPENSE	$ 233,950	$ 210,000	$ 238,426	$ 247,965	$ 4,476	$ 9,539
7640-UTILITIES-TELEPHONE	$ 47,474	$ 38,430	$ 43,675	$ 45,421	$ (3,799)	$ 1,746
7650-BANK FEES	$ 2,400	$ 100	$ 1,600	$ 1,600	$ (800)	$ -
7670-MISCELLANEOUS EXPENSE	$ 135,200	$ 160,152	$ 100,620	$ 103,896	$ (34,580)	$ 3,276
8510-MWDOCS CONTRIB TO PROGRAMS	$ 353,149	$ 353,149	$ 399,019	$ 424,680	$ 45,870	$ 25,661
8710-ELECTION EXPENSES	$ 605,000	$ 605,000	$ 580,000	$ 420,000	$ (25,000)	$ (160,000)
8810-CAPITAL ACQUISITION	$ 25,000	$ 7,500	$ -	$ -	$ (25,000)	$ -

Municipal Water District of Orange County (MWDOC) Biennial Budget
Summary Of Revenue And Expenses By Accounts
Core Fund

	Adopted FY25-26	Projected FY25-26	Proposed FY26-27	Proposed FY27-28	FY25-26 to FY26-27 Variance	FY26-27 to FY27-28 Variance
8811-BUILDING EXPENSE	$ -	$ -	$ 75,000	$ -	$ 75,000	$ (75,000)
Expenditure Total	**$ 11,398,611**	**$ 12,589,293**	**$ 11,971,997**	**$ 12,220,741**	**$ 573,386**	**$ 248,744**
Total Contribution(Draw) From Reserves	**$ (1,352)**	**$ 25,648**	**$ 54,763**	**$ (59,401)**	**$ 56,115**	**$ (114,164)**

Municipal Water District of Orange County (MWDOC) Biennial Budget
Summary Of Revenue And Expenses By Accounts
Choice Fund

	Adopted FY25-26	Projected FY25-26	Proposed FY26-27	Proposed FY27-28	FY25-26 to FY26-27 Variance	FY26-27 to FY27-28 Variance
Revenue						
4215-CHOICE REVENUE	$ 2,057,635	$ 1,724,219	$ 2,592,354	$ 2,705,404	$ 534,719	$ 113,050
4230-REIMBURSEMENTS	$ -	$ -	$ 203,000	$ 215,667	$ 203,000	$ 12,667
4305-REVENUE FROM MWD	$ 312,321	$ 252,011	$ 248,355	$ 248,355	$ (63,966)	$ -
4705-PRIOR YEAR CARRYOVER	$ 944	$ 3	$ -	$ -	$ (944)	$ -
Revenue Total	**$ 2,370,900**	**$ 1,976,233**	**$ 3,043,709**	**$ 3,169,426**	**$ 672,809**	**$ 125,717**
Expenditure						
6010-SALARIES AND WAGES - ADMIN	$ 889,498	$ 763,067	$ 787,149	$ 843,961	$ (102,349)	$ 56,812
6012-GRANT RECOVERY - SALARIES	$ (15,000)	$ (6,578)	$ -	$ -	$ 15,000	$ -
6105-BENEFITS ADMIN	$ 248,957	$ 210,290	$ 204,372	$ 218,184	$ (44,585)	$ 13,812
6111-OVERHEAD REIMBURSEMENT	$ 504,105	$ 424,317	$ 437,856	$ 469,044	$ (66,249)	$ 31,188
6205-TRAINING EXPENSE (See Exh J)	$ 2,000	$ 2,200	$ 2,000	$ 2,000	$ -	$ -
7040-PROFESSIONAL SERVICES (See Exh J)	$ 710,458	$ 555,300	$ 1,576,452	$ 1,599,317	$ 865,994	$ 22,865
7332-SUPPLIES - WATER LOSS CONTROL	$ 4,000	$ 3,400	$ 4,000	$ 4,500	$ -	$ 500
7340-POSTAGE-MAIL DELIVERY	$ 650	$ 500	$ 500	$ 500	$ (150)	$ -
7430-SOFTWARE PURCHASE	$ 2,420	$ 2,200	$ 3,200	$ 3,200	$ 780	$ -
7610-AUTOMOTIVE EXPENSE-MILEAGE	$ 100	$ 100	$ 100	$ 120	$ -	$ 20
7612-VEHICLE EXPENSE	$ 10,000	$ 10,000	$ 12,000	$ 12,000	$ 2,000	$ -
7615-TOLL ROAD CHARGES	$ 400	$ 1,500	$ 2,000	$ 2,000	$ 1,600	$ -
7620-INSURANCE EXPENSE	$ 200	$ 177	$ 200	$ 220	$ -	$ 20
7640-UTILITIES-TELEPHONE	$ 2,112	$ 2,760	$ 2,880	$ 2,880	$ 768	$ -
7670-MISCELLANEOUS EXPENSE	$ 11,000	$ 7,000	$ 11,000	$ 11,500	$ -	$ 500
Expenditure Total	**$ 2,370,900**	**$ 1,976,233**	**$ 3,043,709**	**$ 3,169,426**	**$ 672,809**	**$ 125,717**
Grand Total	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Municipal Water District of Orange County (MWDOC) Biennial Budget
Summary Of Revenue And Expenses By Accounts
Consolidated (Core And Choice Funds)

	Adopted FY25-26	Projected FY25-26	Proposed FY26-27	Proposed FY27-28	FY25-26 to FY26-27 Variance	FY26-27 to FY27-28 Variance
Revenue						
4050-RETAIL CONNECTION CHARGE (See Exh C)	$ 9,939,371	$ 9,939,371	$ 10,278,727	$ 10,686,812	$ 339,356	$ 408,085
4055-GROUND WATER CUSTOMER CHARGE	$ 414,371	$ 414,371	$ 427,658	$ 441,989	$ 13,287	$ 14,331
4105-INTEREST REVENUE	$ 916,000	$ 931,000	$ 962,952	$ 810,785	$ 46,952	$ (152,167)
4215-CHOICE REVENUE	$ 2,057,635	$ 1,724,219	$ 2,592,354	$ 2,705,404	$ 534,719	$ 113,050
4230-REIMBURSEMENTS	$ -	$ 1,222,000	$ 236,333	$ 249,000	$ 236,333	$ 12,667
4240-MISCELLANEOUS INCOME	$ 5,000	$ 1,200	$ 5,000	$ 5,000	$ -	$ -
4305-REVENUE FROM MWD	$ 312,321	$ 252,011	$ 248,355	$ 248,355	$ (63,966)	$ -
4705-PRIOR YEAR CARRYOVER	$ 944	$ 3	$ 195,380	$ 54,763	$ 194,436	$ (140,617)
4XXX-REIMB FROM OPEB RESERVE/115 TRUST	$ 122,517	$ 107,000	$ 123,710	$ 128,658	$ 1,193	$ 4,948
Revenue Total	**$ 13,768,159**	**$ 14,591,175**	**$ 15,070,469**	**$ 15,330,766**	**$ 1,302,310**	**$ 260,297**
Expenditure						
6010-SALARIES AND WAGES - ADMIN	$ 5,842,234	$ 5,615,076	$ 6,138,762	$ 6,594,527	$ 296,528	$ 455,765
6012-GRANT RECOVERY - SALARIES	$ (48,000)	$ (39,578)	$ -	$ -	$ 48,000	$ -
6090-DIRECTORS COMPENSATION - MWDOC	$ 281,917	$ 275,208	$ 290,942	$ 300,923	$ 9,025	$ 9,981
6095-DIRECTORS COMPENSATION-MET	$ 161,096	$ 156,399	$ 166,253	$ 171,956	$ 5,157	$ 5,703
6105-BENEFITS ADMIN	$ 1,774,474	$ 1,808,805	$ 2,009,283	$ 2,110,551	$ 234,809	$ 101,268
6109-UNFUNDED PENSION	$ 207,000	$ 207,000	$ 207,000	$ 207,000	$ -	$ -
6111-OVERHEAD REIMBURSEMENT	$ -	$ 329,677	$ -	$ -	$ -	$ -
6115-DIRECTORS BENEFITS	$ 158,371	$ 152,929	$ 178,489	$ 188,908	$ 20,118	$ 10,419
6120-HEALTH INSURANCE FOR RETIREES	$ 122,517	$ 107,000	$ 123,710	$ 128,658	$ 1,193	$ 4,948
6205-TRAINING EXPENSE (See Exh J)	$ 84,445	$ 54,200	$ 58,500	$ 60,500	$ (25,945)	$ 2,000
6210-TUITION REIMBURSEMENT	$ 6,500	$ 7,662	$ 6,900	$ 7,100	$ 400	$ 200
6220-TEMPORARY HELP EXPENSE	$ 5,000	$ -	$ 5,000	$ 5,000	$ -	$ -
7010-OUTSIDE CONSULTING SERVICES (See Exh J)	$ 570,000	$ 1,707,850	$ 450,000	$ 398,000	$ (120,000)	$ (52,000)
7020-LEGAL EXPENSE (See Exh J)	$ 260,000	$ 266,000	$ 257,040	$ 263,121	$ (2,960)	$ 6,081
7030-AUDIT EXPENSE (See Exh J)	$ 37,445	$ 32,455	$ 38,418	$ 39,420	$ 973	$ 1,002
7040-PROFESSIONAL SERVICES (See Exh J)	$ 1,624,658	$ 1,376,300	$ 2,447,127	$ 2,423,331	$ 822,469	$ (23,796)
7110-CONFERENCE - EMPLOYEE (See Exh E)	$ 42,497	$ 39,465	$ 46,111	$ 48,570	$ 3,614	$ 2,459
7115-CONFERENCE EXPENSE-DIRECTOR (See Exh F)	$ 17,155	$ 21,095	$ 21,784	$ 22,617	$ 4,629	$ 833
7150-TRAVEL/ACCOMMODATION-EMPLOYEE (See Exh E)	$ 85,900	$ 78,169	$ 75,620	$ 77,826	$ (10,280)	$ 2,206
7155-TRAVEL/ACCOMMODATION-DIRECTOR (See Exh F)	$ 36,625	$ 36,050	$ 31,400	$ 32,536	$ (5,225)	$ 1,136
7210-MEMBERSHIP & SPONSORSHIP (See Exh D)	$ 221,386	$ 220,941	$ 213,352	$ 221,864	$ (8,034)	$ 8,512
7220-EDUCATION INITIATIVE	$ 35,000	$ -	$ 45,000	$ 45,000	$ 10,000	$ -
7250-CDR SUPPORT	$ 72,650	$ 72,648	$ 77,272	$ 77,272	$ 4,622	$ -
7305-BUSINESS EXPENSE	$ 5,500	$ 5,607	$ 5,720	$ 5,949	$ 220	$ 229
7310-OFFICE MAINTENANCE	$ 156,000	$ 150,000	$ 163,385	$ 169,921	$ 7,385	$ 6,536
7315-BUILDING REPAIR & MAINTENANCE	$ 57,200	$ 59,000	$ 64,381	$ 66,957	$ 7,181	$ 2,576
7320-STORAGE RENTAL AND EQUIP LEASE	$ 1,125	$ 1,000	$ 1,170	$ 1,217	$ 45	$ 47
7330-OFFICE SUPPLIES	$ 28,000	$ 25,000	$ 28,000	$ 29,120	$ -	$ 1,120
7332-SUPPLIES - WATER LOSS CONTROL	$ 4,000	$ 3,400	$ 4,000	$ 4,500	$ -	$ 500
7340-POSTAGE-MAIL DELIVERY	$ 9,450	$ 8,000	$ 8,624	$ 8,709	$ (826)	$ 85
7350-SUBSCRIPTIONS-BOOKS	$ 10,000	$ 11,500	$ 6,500	$ 6,760	$ (3,500)	$ 260
7360-REPRODUCTION EXPENSE	$ 108,500	$ 110,000	$ 104,000	$ 109,970	$ (4,500)	$ 5,970
7410-COMPUTER AND PERIPHERALS MAINT	$ 15,850	$ 13,000	$ 15,300	$ 16,853	$ (550)	$ 1,553
7430-SOFTWARE PURCHASE	$ 271,731	$ 157,100	$ 231,743	$ 244,459	$ (39,988)	$ 12,716
7440-SOFTWARE SUPPORT	$ 20,000	$ 59,600	$ 3,600	$ 3,800	$ (16,400)	$ 200
7450-COMPUTERS AND EQUIPMENT	$ 45,250	$ 30,000	$ 12,750	$ 12,750	$ (32,500)	$ -
7610-AUTOMOTIVE EXPENSE-MILEAGE	$ 11,600	$ 10,700	$ 11,600	$ 11,800	$ -	$ 200
7612-VEHICLE EXPENSE	$ 10,000	$ 10,000	$ 12,000	$ 12,000	$ 2,000	$ -
7615-TOLL ROAD CHARGES	$ 950	$ 2,000	$ 2,550	$ 2,560	$ 1,600	$ 10
7620-INSURANCE EXPENSE	$ 234,150	$ 210,177	$ 238,626	$ 248,185	$ 4,476	$ 9,559
7640-UTILITIES-TELEPHONE	$ 49,586	$ 41,190	$ 46,555	$ 48,301	$ (3,031)	$ 1,746
7650-BANK FEES	$ 2,400	$ 100	$ 1,600	$ 1,600	$ (800)	$ -
7670-MISCELLANEOUS EXPENSE	$ 146,200	$ 167,152	$ 111,620	$ 115,396	$ (34,580)	$ 3,776
8510-MWDOCS CONTRIB TO PROGRAMS	$ 353,149	$ 353,149	$ 399,019	$ 424,680	$ 45,870	$ 25,661

Municipal Water District of Orange County (MWDOC) Biennial Budget
Summary Of Revenue And Expenses By Accounts
Consolidated (Core And Choice Funds)

	Adopted FY25-26	Projected FY25-26	Proposed FY26-27	Proposed FY27-28	FY25-26 to FY26-27 Variance	FY26-27 to FY27-28 Variance
8710-ELECTION EXPENSES	$ 605,000	$ 605,000	$ 580,000	$ 420,000	$ (25,000)	$ (160,000)
8810-CAPITAL ACQUISITION	$ 25,000	$ 7,500	$ -	$ -	$ (25,000)	$ -
8811-BUILDING EXPENSE	$ -	$ -	$ 75,000	$ -	$ 75,000	$ (75,000)
Expenditure Total	**$ 13,769,511**	**$ 14,565,526**	**$ 15,015,706**	**$ 15,390,167**	**$ 1,246,195**	**$ 374,461**
Total Contribution(Draw) From Reserves	**$ (1,352)**	**$ 25,648**	**$ 54,763**	**$ (59,401)**	**$ 56,115**	**$ (114,164)**

Municipal Water District of Orange County (MWDOC) Biennial Budget
Summary Of Revenue And Expenses By Accounts
Water Fund

	Adopted FY25-26	Projected FY25-26	Proposed FY26-27	Proposed FY27-28	FY25-26 to FY26-27 Variance	FY26-27 to FY27-28 Variance
Revenue						
4005-LOCAL RESOURCE PROGRAM INCENTIVES	$ (3,840,576)	$ (2,762,235)	$ (2,872,750)	$ (2,987,660)	$ 967,826	$ (114,910)
4005-WATER SALES	$ 179,332,825	$ 175,139,815	$ 162,834,152	$ 183,136,328	$ (16,498,673)	$ 20,302,176
4030-READINESS TO SERVE CHRGE-SALES	$ 16,934,350	$ 17,401,299	$ 17,654,354	$ 18,360,528	$ 720,004	$ 706,174
4041-CAPACITY CHARGE (CCF) REVENUE	$ 4,624,125	$ 4,371,900	$ 4,230,450	$ 4,399,668	$ (393,675)	$ 169,218
4090-SCP/SAC PIPELINE SURCHARGE	$ 443,000	$ 405,012	$ 460,720	$ 479,149	$ 17,720	$ 18,429
Revenue Total	**$ 197,493,724**	**$ 194,555,791**	**$ 182,306,926**	**$ 203,388,013**	**$ (15,186,798)**	**$ 21,081,087**
Expenditure						
5110-LOCAL RESOURCE PROGRAM INCENTIVES	$ (3,840,576)	$ (2,762,235)	$ (2,872,750)	$ (2,987,660)	$ 967,826	$ (114,910)
5110-WATER PURCHASES - MET	$ 179,332,825	$ 175,139,815	$ 162,834,152	$ 183,136,328	$ (16,498,673)	$ 20,302,176
5230-READINESS TO SERVE CHRGE-PURCH	$ 16,934,350	$ 17,401,299	$ 17,654,354	$ 18,360,528	$ 720,004	$ 706,174
5241-CAPACITY CHARGE (CCF)	$ 4,624,125	$ 4,371,900	$ 4,230,450	$ 4,399,668	$ (393,675)	$ 169,218
5290-SCP/SAC PIPELINE SURCHARGE	$ 443,000	$ 405,012	$ 460,720	$ 479,149	$ 17,720	$ 18,429
Expenditure Total	**$ 197,493,724**	**$ 194,555,791**	**$ 182,306,926**	**$ 203,388,013**	**$ (15,186,798)**	**$ 21,081,087**
Grand Total	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Municipal Water District of Orange County (MWDOC) Biennial Budget
Summary Of Revenue And Expenses By Accounts
Water Use Efficiency Program Fund

	Adopted FY25-26	Projected FY25-26	Proposed FY26-27	Proposed FY27-28	FY25-26 to FY26-27 Variance	FY26-27 to FY27-28 Variance
Revenue						
4305-REVENUE FROM MWD	$ 5,861,960	$7,862,119	$ 5,476,000	$ 5,547,000	$ (385,960)	$ 71,000
4340-REVENUE - MEMBER AGENCIES	$ 1,572,525	$728,938	$ 756,804	$ 424,812	$ (815,721)	$ (331,992)
4405-GRANTS FROM USBR	$ 519,051	$810,625	$ 321,936	$ 58,750	$ (197,115)	$ (263,186)
4410-DEPARTMENT OF WATER RESOURCES	$ 395,962	$310,126	$ 387,775	$ 205,000	$ (8,187)	$ (182,775)
Revenue Total	**$ 8,349,498**	**$9,711,809.00**	**$ 6,942,515**	**$ 6,235,562**	**$ (1,406,983)**	**$ (706,953)**
Expenditure						
1215-CONSULTANT ADMINISTRATION	$ 1,222,638	$650,000	$ 534,744	$ 129,246	$ (687,894)	$ (405,498)
1225-INSTALLATION VERIFICATION	$ 121,353	$112,794	$ 74,000	$ 53,000	$ (47,353)	$ (21,000)
1230-REBATE INCENTIVES	$ 6,935,507	$8,810,425	$ 6,235,996	$ 5,978,316	$ (699,511)	$ (257,680)
1235-SURVEYS AND AUDITS	$ 70,000	$138,590	$ 97,775	$ 75,000	$ 27,775	$ (22,775)
Expenditure Total	**$ 8,349,498**	**$9,711,809.00**	**$ 6,942,515**	**$ 6,235,562**	**$ (1,406,983)**	**$ (706,953)**
Grand Total	**$ -**	-	**$ -**	**$ -**	**$ -**	**$ -**

Municipal Water District of Orange County (MWDOC) Biennial Budget
Detail Of Expenditures By Cost Centers Including FTEs
Core and Choice Funds

Fund	CostCenter	Adopted FY25-26	Projected FY25-26	Proposed FY26-27	Proposed FY27-28	Adopted FY25-26 FTE	Proposed FY26-27 FTE	Proposed FY27-28 FTE
Core Fund	CC#00 General	$ -	$ -	$ 33,333	$ 33,333	0.00	0.00	0.00
	CC#11 Board Relations	$ 2,171,143	$ 2,025,309	$ 2,082,296	$ 1,983,662	2.74	2.25	2.25
	CC#12 Administration	$ 1,182,478	$ 840,780	$ 826,303	$ 835,167	5.08	4.07	3.97
	CC#13 Human Resources	$ 654,774	$ 631,302	$ 731,163	$ 715,781	2.09	2.05	2.54
	CC#19 Overhead	$ 1,156,399	$ 1,588,538	$ 1,445,572	$ 1,453,578	3.80	4.33	4.56
	CC#21 Engineering & Planning	$ 1,210,857	$ 2,383,969	$ 1,329,941	$ 1,353,073	3.03	3.25	3.60
	CC#23 Metropolitan & Water Resources	$ 584,129	$ 575,585	$ 652,663	$ 688,017	2.07	2.05	2.06
	CC#24 MWDOC Contribution to WEROC	$ 353,149	$ 353,149	$ 365,686	$ 391,347	3.19	3.19	3.20
	CC#31 Government Affairs & Policy	$ 670,546	$ 698,123	$ 659,869	$ 664,128	0.89	0.61	0.58
	CC#32 Public Affairs	$ 1,500,975	$ 1,499,124	$ 1,651,115	$ 1,746,438	5.93	6.07	6.10
	CC#35 Water Use Efficiency	$ 531,517	$ 683,375	$ 399,849	$ 420,689	1.76	1.36	1.34
	CC#36 Water Loss Control	$ -	$ 15,311	$ 299,491	$ 315,693	[redacted]	1.29	1.31
	CC#41 Finance	$ 900,773	$ 879,562	$ 951,520	$ 1,048,448	3.41	4.38	4.59
	CC#45 Information Technology	$ 481,871	$ 415,166	$ 543,196	$ 571,387	0.95	0.96	0.96
Core Fund Total		**$ 11,398,611**	**$ 12,589,293**	**$ 11,971,997**	**$ 12,220,741**	**34.94**	**35.86**	**37.06**
Choice Fund	CC#61 AMP Administration	$ 944	$ 3	$ -	$ -	0.00	0.00	0.00
	CC#62 Water Use Efficiency (Choice)	$ 1,183,382	$ 1,065,370	$ 945,996	$ 990,151	5.99	4.38	4.43
	CC#63 School Program (Choice)	$ 504,809	$ 377,789	$ 525,029	$ 542,643	0.05	0.07	0.08
	CC#70 Water Loss Control (Choice)	$ 681,765	$ 533,071	$ 1,369,684	$ 1,420,965	3.03	3.33	3.34
	CC#71 Engineering (Choice)	$ -	$ -	$ 203,000	$ 215,667	0.00	0.00	0.00
Choice Fund Total		**$ 2,370,900**	**$ 1,976,233**	**$ 3,043,709**	**$ 3,169,426**	**9.07**	**7.78**	**7.85**
Grand Total		**$ 13,769,511**	**$ 14,565,526**	**$ 15,015,706**	**$ 15,390,167**	**44.01**	**43.64**	**44.91**

Municipal Water District of Orange County (MWDOC) Biennial Budget

Fiscal Master Plan for Fiscal Years 2026-2027 2027-2028 (Exh C)

(in thousands unless otherwise stated)

	Adopted Budget FY25/26	Projected Budget FY25/26	Proposed Budget FY26/27	Proposed Budget FY27/28	Plan Projections[1] FY28/29	Plan Projections[1] FY29/30	Plan Projections[1] FY30/31
Beginning Designated Reserve Balance - MWDOC	$ 6,151	$6,065	$ 5,978	$ 6,041	$ 6,142	$ 6,147	$ 6,222
less OPEB Reserve	297	113	-	-	-	-	-
Adjusted Reserve Balance	5,854	5,953	5,978	6,041	6,142	6,147	6,222
Revenues							
Water Rate Revenues:							
Retail Meter Agency Charge	9,939	9,939	10,279	10,687	11,098	11,513	11,932
Ground Water Customer Charge	414	414	428	442	457	473	490
Subtotal	10,354	10,354	10,706	11,129	11,556	11,987	12,422
Other Revenues:							
Choice Revenues	2,343	1,976	3,044	3,169	3,280	3,395	3,514
Interest Earnings	916	931	963	811	852	904	971
Misc./Reimbursements	5	1,330	365	383	396	410	424
Subtotal	3,264	4,237	4,372	4,363	4,529	4,709	4,909
Total Revenues	13,618	14,591	15,078	15,492	16,084	16,696	17,331
Expenses							
Core Expenses	10,769	11,977	11,392	11,801	12,214	12,641	13,084
Choice Expenses	2,343	1,976	3,044	3,169	3,280	3,395	3,514
Capital Acquisitions (not including building)	25	8	-	-	-	-	-
Total Expenses w/o Election	13,137	13,961	14,436	14,970	15,494	16,036	16,598
Revenue Over Expenses w/o Election	481	631	642	522	590	660	733
ELECTION Reserve Beginning Balance	1,570	1,570	2,175	1,416	1,836	635	1,220
Annual Election Reserve Contribution	605	605	580	420	585	585	600
Annual Election Expense	-	-	1,339	-	1,785	-	1,339
Election Reserve Ending Balance	2,175	2,175	1,416	1,836	635	1,220	481
Ending General Fund & Designated Reserves	**$ 3,555**	**$ 3,804**	**$ 4,625**	**$ 4,307**	**$ 5,512**	**$ 5,002**	**$ 5,874**

Document does not reflect MWDOC's irrevocable trust towards OPEB Pension liability

MWDOC Water Rates (Figures are unscaled)

Total Retail Customer Meters	**651,762**	**651,762**	**654,696**	**657,650**	**660,610**	**663,590**	**666,580**
Connection Charge	**$ 15.25**	**$ 15.25**	**$ 15.70**	**$ 16.25**	**$ 16.80**	**$ 17.35**	**$ 17.90**
Rate Increase Proposal:							
Rate Change %			**2.95%**	**3.50%**	**3.38%**	**3.27%**	**3.17%**
Connection Charge			**$ 0.45**	**$ 0.55**	**$ 0.55**	**$ 0.55**	**$ 0.55**

1 Assumptions for FMP:

Projected Inflation rate: 3.50% per year

Rate of return on Investment of portfolio: 4.25% per year

Municipal Water District of Orange County (MWDOC) Biennial Budget

Proposed Participation Costs and Registration/Travel Budgets (Staff & Board) (Exh: D,E,F)

Fiscal Years 2026-2027 & 2027-2028

*Includes all modes of travel (except automotive mileage), room accommodations, meals, and related misc. expenses.

		Exh D (see Exh G for add'n details) Proposed District Participation Costs				Exh E Proposed Staff Registration & Travel Budget*				Exh F Proposed Board Registration & Travel Budget*			
Conference / Meeting	Approval included in Budget Approval	Adopted Budget FY25/26	Projected Budget FY25/26	Proposed Budget FY26/27	Proposed Budget FY27/28	Proposed Budget FY26/27 Registration	Proposed Budget FY26/27 Travel	Proposed Budget FY27/28 Registration	Proposed Budget FY27/28 Travel	Proposed Budget FY26/27 Registration	Proposed Budget FY26/27 Travel	Proposed Budget FY27/28 Registration	Proposed Budget FY27/28 Travel
Board Related													
Association of California Cities- Orange County (ACCOC)	√	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 500	$ 800	$ 520	$ 832
Association of California Water Agencies (ACWA)	√	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 7,709	$ 9,800	$ 8,017	$ 10,192
Cal Desal	√	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 200	$ 600	$ 210	$ 624
California Council for Environmental and Economic Balance (CCEEB	√	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,500	$ 1,600	$ 1,560	$ 1,664
California Special Districts Association (CSDA)	√	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 800	$ 1,600	$ 832	$ 1,664
Colorado River Water Users Association (CRWUA)	√	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,875	$ 3,000	$ 1,950	$ 3,120
Festival of Butterflies Sponsorship	√	$ 2,575	$ 2,575	$ 2,678	$ 2,785	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
LAFCO	√	$ 48,652	$ 51,381	$ 53,950	$ 56,647	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Legislative Advocacy	√	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,000	$ 3,000	$ 1,000	$ 3,000
Orange County Business Council (OCBC)	√	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,600	$ 2,500	$ 1,664	$ 2,600
Orange County Taxpayers Association (OC Tax)	New	$ -	$ -	$ 2,500	$ 2,500	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Urban Water Institute	√	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,800	$ 6,000	$ 4,992	$ 6,240
Undetermined Conference / Meeting	√	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,800	$ 2,500	$ 1,872	$ 2,600
Board Related Total		**$ 51,227**	**$ 53,956**	**$ 59,128**	**$ 61,932**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 21,784**	**$ 31,400**	**$ 22,617**	**$ 32,536**
Staff Related													
(DWR)/State Water Resources Control Board (SWRCB)	√	$ -	$ -	$ -	$ -	$ -	$ 1,800	$ -	$ 1,800	$ -	$ -	$ -	$ -
3CMA: City-County Communications & Marketing Assoc.	New	$ -	$ -	$ 1,030	$ 400	$ -	$ 1,200	$ 931	$ 1,248	$ -	$ -	$ -	$ -
Alliance for Water Use Efficiency	√	$ -	$ -	$ -	$ -	$ 1,400	$ 3,720	$ 1,456	$ 3,869	$ -	$ -	$ -	$ -
American Water Works Association (AWWA)	√	$ 2,445	$ 2,197	$ 2,285	$ 2,376	$ 3,400	$ 5,150	$ 3,541	$ 5,356	$ -	$ -	$ -	$ -
Association of California Cities- Orange County (ACCOC)	√	$ 5,150	$ 5,150	$ 5,356	$ 5,570	$ 500	$ 800	$ 520	$ 832	$ -	$ -	$ -	$ -
Association of California Water Agencies (ACWA)	√	$ 27,965	$ 27,150	$ 28,236	$ 29,365	$ 10,055	$ 16,600	$ 10,450	$ 17,260	$ -	$ -	$ -	$ -
CA Chamber of Commerce (HR California)	√	$ 979	$ 979	$ 1,018	$ 1,059	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CA Water for all	√	$ 10,000	$ 10,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cal Desal	√	$ 5,150	$ 5,000	$ 5,200	$ 5,408	$ 200	$ 600	$ 208	$ 624	$ -	$ -	$ -	$ -
California Association of Public Information Officers (CAPIO)	√	$ 1,150	$ 1,275	$ 900	$ 936	$ 1,000	$ 3,300	$ 1,000	$ 3,432	$ -	$ -	$ -	$ -
California Council for Environmental and Economic Balance (CCEEB	√	$ 29,000	$ 29,000	$ 30,160	$ 31,366	$ 2,250	$ 2,400	$ 936	$ 2,496	$ -	$ -	$ -	$ -
California Data Collaborative	√	$ 16,500	$ 17,000	$ 17,680	$ 18,387	$ -	$ 850	$ -	$ 884	$ -	$ -	$ -	$ -
California Employees Public Retirement System(CalPERS)	√	$ -	$ -	$ -	$ -	$ 1,500	$ 400	$ 1,600	$ 416	$ -	$ -	$ -	$ -
California Environmental Literacy Initiative	√	$ -	$ -	$ -	$ -	$ 500	$ 500	$ 520	$ 520	$ -	$ -	$ -	$ -
California Municipal Treasurers Association (CMTA)	√	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
California Municipal Utilities Association (CMUA)	√	$ 11,047	$ 11,655	$ 12,121	$ 12,606	$ 582	$ 300	$ 605	$ 312	$ -	$ -	$ -	$ -
California Society of Municipal Finance Officers (CSMFO)	√	$ 150	$ 155	$ 160	$ 166	$ -	$ -	$ 1,400	$ 300	$ -	$ -	$ -	$ -
California Special Districts Association (CSDA)	√	$ 9,835	$ 9,930	$ 10,327	$ 10,740	$ 2,825	$ 6,350	$ 2,940	$ 6,600	$ -	$ -	$ -	$ -
California Water Efficiency Partnership (CalWEP)	√	$ 6,300	$ 6,300	$ 6,300	$ 6,500	$ 2,800	$ 5,220	$ 2,912	$ 5,220	$ -	$ -	$ -	$ -
California Water, Energy and Education Alliance (CWEEA)	√	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Colorado River Water Users Association (CRWUA)	√	$ -	$ -	$ -	$ -	$ 2,500	$ 4,000	$ 2,600	$ 4,160	$ -	$ -	$ -	$ -
Department of Water Resources Education Committee	√	$ -	$ -	$ -	$ -	$ 500	$ 750	$ 520	$ 780	$ -	$ -	$ -	$ -
ESRI-GIS	√	$ -	$ -	$ -	$ -	$ 3,200	$ 2,000	$ 3,328	$ 2,080	$ -	$ -	$ -	$ -
Government Finance Officers Association (GFOA)	√	$ 187	$ 350	$ 350	$ 350	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Information Systems Audit and Control Association (ISACA)	√	$ 155	$ 155	$ 161	$ 168	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Municipal Water District of Orange County (MWDOC) Biennial Budget

Proposed Participation Costs and Registration/Travel Budgets (Staff & Board) (Exh: D,E,F)

Fiscal Years 2026-2027 & 2027-2028

*Includes all modes of travel (except automotive mileage), room accommodations, meals, and related misc. expenses.

		Exh D (see Exh G for add'n details) Proposed District Participation Costs				Exh E Proposed Staff Registration & Travel Budget*				Exh F Proposed Board Registration & Travel Budget*			
Conference / Meeting	Approval included in Budget Approval	Adopted Budget FY25/26	Projected Budget FY25/26	Proposed Budget FY26/27	Proposed Budget FY27/28	Proposed Budget FY26/27 Registration	Proposed Budget FY26/27 Travel	Proposed Budget FY27/28 Registration	Proposed Budget FY27/28 Travel	Proposed Budget FY26/27 Registration	Proposed Budget FY26/27 Travel	Proposed Budget FY27/28 Registration	Proposed Budget FY27/28 Travel
International Association of Business Communicators (IABC)	√	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Irrigation Association Show & Education Week	New	$ -	$ -	$ -	$ -	$ 350	$ 1,460	$ 364	$ 1,268	$ -	$ -	$ -	$ -
League of California Cities	√	$ 2,575	$ 2,500	$ 2,600	$ 2,704	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Legislative Advocacy	√	$ -	$ -	$ -	$ -	$ 2,000	$ 5,000	$ 2,000	$ 5,000	$ -	$ -	$ -	$ -
Liebert, Cassidy Whitmore	√	$ -	$ -	$ -	$ -	$ 1,200	$ 2,500	$ 1,248	$ 2,500	$ -	$ -	$ -	$ -
Multi-State Salinity Coalition	√	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
National Association of Government Communicators	New	$ -	$ -	$ 180	$ 187	$ 1,050	$ -	$ 1,092	$ -	$ -	$ -	$ -	$ -
National Water Resources Assn., Mun. Caucus	√	$ 574	$ 574	$ 597	$ 621	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
OC Chapter-Calif. Landscape Contractors Assoc.	√	$ 2,250	$ 2,750	$ 2,750	$ 2,750	$ 350	$ 1,220	$ 364	$ 1,269	$ -	$ -	$ -	$ -
Orange County Business Council (OCBC)	√	$ 5,150	$ 5,000	$ 5,200	$ 5,408	$ 1,600	$ 2,500	$ 1,664	$ 2,600	$ -	$ -	$ -	$ -
Orange County Public Affairs Association (OCPAA)	√	$ 100	$ 100	$ 105	$ 110	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Orange County Water Association (OCWA)	√	$ 515	$ 515	$ 536	$ 557	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Pilot MWDOC Ambassador Program + Outreach Tours	√	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Public Relations Society of America/O.C. (PRSA)	√	$ 1,236	$ 1,236	$ 1,061	$ 1,093	$ 549	$ -	$ 571	$ -	$ -	$ -	$ -	$ -
Public Sector HR Assoc	√	$ 66	$ 66	$ 69	$ 71	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Radio and Television News Directors Association	√	$ 77	$ 77	$ 80	$ 83	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Society of Human Resources Management (SHRM)	√	$ 252	$ 299	$ 311	$ 323	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
South OC Watershed Management Area Dues	√	$ 9,100	$ 7,444	$ 9,000	$ 9,820	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
South Orange County Economic Coalition (SOCEC)	√	$ 1,797	$ 1,797	$ 1,869	$ 1,944	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Southern California Water Coalition (SCWC)	√	$ 1,125	$ 1,500	$ 1,545	$ 1,545	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Urban Water Institute	√	$ 6,180	$ 6,180	$ 6,427	$ 6,684	$ 4,800	$ 6,000	$ 4,800	$ 6,000	$ -	$ -	$ -	$ -
Water Environment Federation	√	$ 62	$ 64	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
WaterISAC (International Security And Network)	√	$ 587	$ 587	$ 610	$ 635	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Undetermined Conference / Meeting	√	$ 12,500	$ 10,000	$ -	$ -	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ -	$ -	$ -	$ -
Staff Related Total		**$ 170,159**	**$ 166,985**	**$ 154,224**	**$ 159,932**	**$ 46,111**	**$ 75,620**	**$ 48,570**	**$ 77,826**	**$ -**	**$ -**	**$ -**	**$ -**
WEROC Related													
AWWA CA/NV Section	√	$ 311	$ 311	$ 311	$ 311	$ 2,000	$ 4,000	$ 1,500	$ 4,000	$ -	$ -	$ -	$ -
AWWA National Conference	√	$ -	$ -	$ -	$ -	$ 800	$ 2,000	$ 850	$ 2,000	$ -	$ -	$ -	$ -
California Emergency Services Association	√	$ 239	$ 239	$ 239	$ 239	$ 1,800	$ 4,000	$ 1,200	$ 5,200	$ -	$ -	$ -	$ -
California Utilities Emergency Association (CUEA)	√	$ 500	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
International Association of Emergency Managers	√	$ 400	$ 400	$ 400	$ 400	$ 2,000	$ 1,250	$ 700	$ 2,000	$ -	$ -	$ -	$ -
WEROC Related Total		**$ 1,450**	**$ 950**	**$ 950**	**$ 950**	**$ 6,600**	**$ 11,250**	**$ 4,250**	**$ 13,200**	**$ -**	**$ -**	**$ -**	**$ -**

Municipal Water District of Orange County (MWDOC) Biennial Budget

Proposed Membership Costs by Cost Centers(Exh G)

Fiscal Years 2026-2027 & 2027-2028

CC	Membership Name	Approval included in Budget Approval	Adopted Budget FY25/26	Projected Budget FY25/26	Proposed Budget FY26/27	Proposed Budget FY27/28
CC#13 Human Resources	CA Chamber of Commerce (HR California)	√	$ 979	$ 979	$ 1,018	$ 1,059
	Public Sector HR Assoc	√	$ 66	$ 66	$ 69	$ 71
	Society of Human Resources Management (SHRM)	√	$ 252	$ 299	$ 311	$ 323
CC#13 Human Resources Total			**$ 1,297**	**$ 1,344**	**$ 1,398**	**$ 1,453**
CC#21 Engineering & Planning	Cal Desal	√	$ 5,150	$ 5,000	$ 5,200	$ 5,408
	National Water Resources Assn., Mun. Caucus	√	$ 574	$ 574	$ 597	$ 621
	Orange County Water Association (OCWA)	√	$ 515	$ 515	$ 536	$ 557
	South OC Watershed Management Area Dues	√	$ 9,100	$ 7,444	$ 9,000	$ 9,820
CC#21 Engineering & Planning Total			**$ 15,339**	**$ 13,533**	**$ 15,333**	**$ 16,406**
CC#23 Metropolitan & Water Resources	California Data Collaborative	√	$ 16,500	$ 17,000	$ 17,680	$ 18,387
CC#23 Metropolitan & Water Resources Total			**$ 16,500**	**$ 17,000**	**$ 17,680**	**$ 18,387**
CC#31 Government Affairs & Policy	Association of California Cities- Orange County (ACCOC)	√	$ 5,150	$ 5,150	$ 5,356	$ 5,570
	CA Water for all	√	$ 10,000	$ 10,000	$ -	$ -
	California Council for Environmental and Economic Balance (CCEEB)	√	$ 29,000	$ 29,000	$ 30,160	$ 31,366
	California Municipal Utilities Association (CMUA)	√	$ 11,047	$ 11,655	$ 12,121	$ 12,606
	California Special Districts Association (CSDA)	√	$ 9,835	$ 9,930	$ 10,327	$ 10,740
	League of California Cities	√	$ 2,575	$ 2,500	$ 2,600	$ 2,704
	Orange County Business Council (OCBC)	√	$ 5,150	$ 5,000	$ 5,200	$ 5,408
	South Orange County Economic Coalition (SOCEC)	√	$ 1,797	$ 1,797	$ 1,869	$ 1,944
	Southern California Water Coalition (SCWC)	√	$ 1,125	$ 1,500	$ 1,545	$ 1,545
	Undetermined Conference / Meeting	√	$ 12,500	$ 10,000	$ -	$ -
CC#31 Government Affairs & Policy Total			**$ 88,179**	**$ 86,532**	**$ 69,178**	**$ 71,883**
CC#32 Public Affairs	3CMA: City-County Communications & Marketing Assoc.	New	$ -	$ -	$ 1,030	$ 400
	California Association of Public Information Officers (CAPIO)	√	$ 1,150	$ 1,275	$ 900	$ 936
	National Association of Government Communicators	New	$ -	$ -	$ 180	$ 187
	Orange County Public Affairs Association (OCPAA)	√	$ 100	$ 100	$ 105	$ 110
	Public Relations Society of America/O.C. (PRSA)	√	$ 1,236	$ 1,236	$ 1,061	$ 1,093
	Radio and Television News Directors Association	√	$ 77	$ 77	$ 80	$ 83
CC#32 Public Affairs Total			**$ 2,563**	**$ 2,688**	**$ 3,356**	**$ 2,809**
CC#35 Water Use Efficiency	California Water Efficiency Partnership (CalWEP)	√	$ 6,300	$ 6,300	$ 6,300	$ 6,500
	OC Chapter-Calif. Landscape Contractors Assoc.	√	$ 2,250	$ 2,750	$ 2,750	$ 2,750
CC#35 Water Use Efficiency Total			**$ 8,550**	**$ 9,050**	**$ 9,050**	**$ 9,250**
CC#36 Water Loss Control	American Water Works Association (AWWA)	√	$ 2,445	$ 2,197	$ 2,285	$ 2,376
CC#36 Water Loss Control Total			**$ 2,445**	**$ 2,197**	**$ 2,285**	**$ 2,376**
CC#41 Finance	California Society of Municipal Finance Officers (CSMFO)	√	$ 150	$ 155	$ 160	$ 166
	Government Finance Officers Association (GFOA)	√	$ 187	$ 350	$ 350	$ 350
CC#41 Finance Total			**$ 337**	**$ 505**	**$ 510**	**$ 516**
CC#45 Information Technology	Information Systems Audit and Control Association (ISACA)	√	$ 155	$ 155	$ 161	$ 168
	WaterISAC (International Security And Network)	√	$ 587	$ 587	$ 610	$ 635
CC#45 Information Technology Total			**$ 742**	**$ 742**	**$ 771**	**$ 803**
CC#25 WEROC	AWWA CA/NV Section	√	$ 311	$ 311	$ 311	$ 311
	California Emergency Services Association	√	$ 239	$ 239	$ 239	$ 239
	California Utilities Emergency Association (CUEA)	√	$ 500	$ -	$ -	$ -
	International Association of Emergency Managers	√	$ 400	$ 400	$ 400	$ 400
CC#25 WEROC Total			**$ 1,450**	**$ 950**	**$ 950**	**$ 950**
CC#11 Board Relations	Festival of Butterflies Sponsorship	√	$ 2,575	$ 2,575	$ 2,678	$ 2,785
	LAFCO	√	$ 48,652	$ 51,381	$ 53,950	$ 56,647
	Orange County Taxpayers Association (OC Tax)	New	$ -	$ -	$ 2,500	$ 2,500
CC#11 Board Relations Total			**$ 51,227**	**$ 53,956**	**$ 59,128**	**$ 61,932**
CC#12 Administration	Association of California Water Agencies (ACWA)	√	$ 27,965	$ 27,150	$ 28,236	$ 29,365
	Urban Water Institute	√	$ 6,180	$ 6,180	$ 6,427	$ 6,684
	Water Environment Federation	√	$ 62	$ 64	$ -	$ -
CC#12 Administration Total			**$ 34,207**	**$ 33,394**	**$ 34,663**	**$ 36,049**

Exhibit J
Professional / Special Services Authorized
Fiscal Years 2026-2027 & 2027-2028
Core Fund

Cost Center	Vendor	Description of Service(s)	Adopted Budget FY 25-26	Proposed Budget FY 26-27	Proposed Budget FY 27-28	* Approval included in Budget Approval
7010-OUTSIDE CONSULTING SERVICES						
CC#21 Engineering & Planning	CDR	Demographics analysis	30,000	40,000	40,000	√
	(To be determined)	MWDOC 2025 UWMP	60,000	-	-	√
	(To be determined)	Water Quality Data Hub	60,000	-	-	√
	(To be determined)	GIS - Water Quality Analyzer Pilot	-	5,000	-	New
	(To be determined)	Real Time Water Quality Analyzer Pilot	40,000	-	-	√
	(To be determined)	GIS Implementation Project	130,000	150,000	120,000	√
	(To be determined)	Water Quality Workgroup Technical Support	15,000	15,000	15,000	√
	B&V	Hydraulic Model Maintenance	-	35,000	15,000	New
	(To be determined)	On Call Work	30,000	-	-	√
	(To be determined)	Additional WUE Analysis	-	5,000	-	New
	Hazen	Demand Projections 2025 UWMP by Oct 2025	15,000	-	-	√
	Stetson Engineering	Consumer Confidence Report	80,000	90,000	95,000	√
	(To be determined)***	Demand Model Maintenance	-	-	10,000	New
	Ed Means Consulting	EOCF#2 Pilot Project	10,000	15,000	-	√
CC#23 Metropolitan & Water Resources	(To be determined)	Discussion and coordination on emerging MET issues	10,000	15,000	20,000	√
	Dopudja & Wells Consulting- Paul Jones	MET and Reliability Planning	$ 90,000	$ 80,000	$ 83,000	√
		Total	**$ 570,000**	**$ 450,000**	**$ 398,000**	
7020-LEGAL EXPENSE						
CC#11 Board Relations	Best, Best & Krieger	General Legal Counsel Services	$ 235,000	$ 230,000	$ 235,000	√
CC#13 Human Resources	Best, Best & Krieger	Labor Counsel Services	$ 25,000	$ 27,040	$ 28,121	√
		Total	**$ 260,000**	**$ 257,040**	**$ 263,121**	
7030-AUDIT EXPENSE						
CC#41 Finance	Davis Farr, LLP	Annual Financial Audit and Federal Single Audit	$ 32,445	$ 38,418	$ 39,420	√
	Davis Farr, LLP	WUE Grant Review	$ 5,000	$ -	$ -	√
		Total	**$ 37,445**	**$ 38,418**	**$ 39,420**	
6205-TRAINING EXPENSE						
CC#11 Board Relations	(To be determined)	Form 700 Workgroup Training	$ 2,500	$ 2,500	$ 2,500	√
CC#12 Administration	(To be determined)	Various Lunch and learn+training	$ 6,000	$ -	$ -	√
CC#13 Human Resources	Cal State University Fullerton/Centre for Organization Effectiveness/Predict Success/ Knight leadership solution	Professional Development /Staff Technical Training/Leadership Training/Coaching/ Lunch and Learn	$ 58,945	$ 54,000	$ 56,000	√
CC#31 Government Affairs & Policy	(To be determined)	Grants Workshop Training	$ 15,000	$ -	$ -	√
		Total	**$ 82,445**	**$ 56,500**	**$ 58,500**	
7040-PROFESSIONAL SERVICES						
CC#12 Administration	Morgan Stanley Capitol Management	Morgan Stanley Capitol Management Group for Financial Advisor for retirement plans	$ -	$ 20,000	$ 20,800	√
	Gladwell Services	Records Management Consulting	$ -	$ 1,000	$ 1,040	√
CC#13 Human Resources	(To be determined)	Triennial Benchmark Study	$ -	$ 60,000	$ -	New
CC#19 Overhead	IGOE	IGOE and COBRA Administration Services	$ 5,000	$ 757	$ 787	√
	Health Equity	H S A Admin	$ -	$ 218	$ 227	√
CC#31 Government Affairs & Policy	West Coast Advisors	Sacramento Lobbyist	$ -	$ 102,000	$ 102,000	New
	Syrus Devers Advocacy	Sacramento Lobbyist	$ 96,000			√
	Natural Resource Results	Federal Legislative Advocate	$ 96,000	$ 96,000	$ 96,000	√
	Dopudja & Wells	Legislative and Local GA Assistance	$ 25,000	$ 25,000	$ 25,000	√
	Whittingham Public Affairs Adv.	County Advocate	$ 90,000	$ 60,000	$ 60,000	√
	Soto Services	Grant Research and Acquisition Assistance	$ 39,000	$ 39,000	$ 39,000	√
	Ackerman	Legal and Regulatory	$ 42,000	$ 42,000	$ 42,000	√
	Travel	Travel	$ 6,000	$ 6,000	$ 6,000	√
CC#32 Public Affairs	Hashtag Pinpoint	Strategic Digital Consulting Services	$ 95,000	$ 95,000	$ 95,000	√
	(To be determined)	Water Awareness Campaign	$ 30,000	$ 30,000	$ 30,000	√
	LA Design	Website Maintenance	$ 5,000	$ -	$ -	√
	(Various)	Special Events	$ 50,000	$ 30,000	$ 30,000	√
	VoxCivic, SCNG, etc.	Advertising	$ 40,000	$ 15,000	$ 20,000	√
CC#35 Water Use Efficiency	(To be determined)	General WUE Research	$ 25,000	$ 25,000	$ 25,000	√
	Environmental Incentive	WUE Work Group Support - Way of Life TAP	$ 50,000	$ -	$ -	√
	E Source	Water Loss Control Work Grp (WLC)	$ 55,000	$ -	$ -	√
	E Source	WLC Business Plan Implementation	$ 35,000	$ 35,000	$ 40,000	√
	OC Data Acquisition P/S (OCDAP)	Aerial Imagery and Landscape Measurement Project	$ 50,000	$ 10,000	$ 10,000	√
CC#36 Water Loss Control	E Source	Water Loss Control Work Grp (WLC)		$ 100,000	$ 100,000	√
CC#41 Finance	U.S. Bank	Custodial Bank fees	$ 10,000	$ 6,500	$ 6,500	√
	CalPERS	CalPERS GASB 68 Report	$ 700	$ 350	$ 350	√
	Nyhart	OPEB Actuarial	$ 1,000	$ 2,100	$ 4,200	√
	Tracker C2	Investment Tracking	$ 3,500	$ -	$ -	√
	1099 Filing Fee	1099 Filing Fee	$ -	$ 150	$ 150	New
	Greenshades	EIN validations	$ -	$ 600	$ 600	New
CC#45 Information Technology	(To be determined)	Managed Service Provider and Various IT projects	$ 65,000	$ 69,000	$ 69,360	√
		Total	**$ 914,200**	**$ 870,675**	**$ 824,014**	

Exhibit J

Professional / Special Services Authorized

Fiscal Years 2026-2027 & 2027-2028

Choice Funds + WEROC Fund

Choice Funds

Cost Center	Vendor	Description of Service(s)	Adopted Budget FY 25-26	Proposed Budget FY 26-27	Proposed Budget FY 27-28	* Approval included in Budget Approval
6205-TRAINING EXPENSE						
CC#70 Water Loss Control (Choice)	(To be determined)	Water loss training	$ 2,000	$ 2,000	$ 2,000	√
7040-PROFESSIONAL SERVICES						
CC#62 Water Use Efficiency (Choice)	Various Vendors	Marketing of WUE Programs	40,000	40,000	40,000	√
	ARC GIS	GIS	2,030	-	-	√
	Droplet	Web Based Rebate Processing Platform (Turf & Drip)	47,500	-	-	√
	Submittable	Web Based Rebate Processing Platform (Turf & Drip)	-	74,100	59,100	New
	Mission Resource Cnsvr District	Residential Installation Verification Inspections	50,000	35,000	35,000	√
CC#63 School Program (Choice)	Shows that teach/The OC Department of Education	Assemblies (Elementary School)	276,557	285,737	294,310	√
	The OC Department of Education	Assemblies (Middle School)	117,879	122,595	126,273	√
	The OC Department of Education	Assemblies (High School)	93,222	96,020	98,967	√
	ITO	Digital Program	-	-	-	√
CC#70 Water Loss Control (Choice)	Westerley & McCall's	Meter Accuracy Testing	83,270	400,000	400,000	√
	E Source	Water Loss Control Technical Assistance for SB555 Compliance	-	70,000	80,000	New
	(To be determined)	Production meter testing	-	250,000	250,000	New
CC#71 Engineering (Choice)	(To be determined)***	Demand Model Maintenance	-	-	12,500	New
	(To be determined)***	Lead & Copper Rule Improvements Technical Support	-	200,000	200,000	New
	Stetson Engineering***	Consumer Confidence Report	-	3,000	3,167	√
		Total	**710,458**	**1,576,452**	**1,599,317**	

WEROC Funds

Cost Center	Vendor	Description of Service(s)	Adopted Budget FY 25-26	Proposed Budget FY 26-27	Proposed Budget FY 27-28	* Approval included in Budget Approval
6205-TRAINING EXPENSE						
CC#25 WEROC	Various	CSTI,NDTC, ICS; certifications (In House Training Certification with State and FEMA on Classes and Material Costs)/Planning Meeting & Exercises. Also includes needed WEROC Staff Training (new staff requires training)	6,000	6,000	6,000	√
		Total	**6,000**	**6,000**	**6,000**	
7040-PROFESSIONAL SERVICES						
CC#25 WEROC	Various	GIS and other Support Services as required	-	-	5,000	√
		Total	**-**	**-**	**5,000**	

* Approval of the budget constitutes authorization for spending within the policy guidelines set out in Chapter 8, Contracts section of the Administrative code including authorization limitations. A check mark indicates final board approval of the expenditure.

Municipal Water District of Orange County (MWDOC) Biennial Budget
Detail Of Revenue and Expenditure By Accounts And Cost Centers
Core Fund

Program	Adopted FY25-26	Projected FY25-26	Proposed FY26-27	Proposed FY27-28	FY25-26 to FY26-27 Variance	FY26-27 to FY27-28 Variance
Revenue						
4050-RETAIL CONNECTION CHARGE (See Exh C)						
CC#00 General	$ 9,939,371	$ 9,939,371	$ 10,278,727	$ 10,686,812	$ 339,356	$ 408,085
4050-RETAIL CONNECTION CHARGE (See Exh C) Total	**$ 9,939,371**	**$ 9,939,371**	**$ 10,278,727**	**$ 10,686,812**	**$ 339,356**	**$ 408,085**
4055-GROUND WATER CUSTOMER CHARGE						
CC#00 General	$ 414,371	$ 414,371	$ 427,658	$ 441,989	$ 13,287	$ 14,331
4055-GROUND WATER CUSTOMER CHARGE Total	**$ 414,371**	**$ 414,371**	**$ 427,658**	**$ 441,989**	**$ 13,287**	**$ 14,331**
4105-INTEREST REVENUE						
CC#00 General	$ 916,000	$ 931,000	$ 962,952	$ 810,785	$ 46,952	$ (152,167)
4105-INTEREST REVENUE Total	**$ 916,000**	**$ 931,000**	**$ 962,952**	**$ 810,785**	**$ 46,952**	**$ (152,167)**
4230-REIMBURSEMENTS						
CC#21 Engineering & Planning	$ -	$ 1,222,000	$ -	$ -	$ -	$ -
CC#32 Public Affairs	$ -	$ -	$ 33,333	$ 33,333	$ 33,333	$ -
4230-REIMBURSEMENTS Total	**$ -**	**$ 1,222,000**	**$ 33,333**	**$ 33,333**	**$ 33,333**	**$ -**
4240-MISCELLANEOUS INCOME						
CC#00 General	$ 5,000	$ 1,200	$ 5,000	$ 5,000	$ -	$ -
4240-MISCELLANEOUS INCOME Total	**$ 5,000**	**$ 1,200**	**$ 5,000**	**$ 5,000**	**$ -**	**$ -**
4705-PRIOR YEAR CARRYOVER						
CC#00 General	$ -	$ -	$ 195,380	$ 54,763	$ 195,380	$ (140,617)
4705-PRIOR YEAR CARRYOVER Total	**$ -**	**$ -**	**$ 195,380**	**$ 54,763**	**$ 195,380**	**$ (140,617)**
4XXX-REIMB FROM OPEB RESERVE/115 TRUST						
CC#00 General	$ 122,517	$ 107,000	$ 123,710	$ 128,658	$ 1,193	$ 4,948
4XXX-REIMB FROM OPEB RESERVE/115 TRUST Total	**$ 122,517**	**$ 107,000**	**$ 123,710**	**$ 128,658**	**$ 1,193**	**$ 4,948**
Revenue Total	**$ 11,397,259**	**$ 12,614,942**	**$ 12,026,760**	**$ 12,161,340**	**$ 629,501**	**$ 134,580**
Expenditure						
6010-SALARIES AND WAGES - ADMIN						
CC#11 Board Relations	$ 468,708	$ 350,739	$ 366,886	$ 385,749	$ (101,822)	$ 18,863
CC#12 Administration	$ 573,603	$ 466,372	$ 505,173	$ 507,860	$ (68,430)	$ 2,687
CC#13 Human Resources	$ 406,292	$ 381,346	$ 405,006	$ 447,435	$ (1,286)	$ 42,429
CC#19 Overhead	$ 605,102	$ 641,758	$ 698,322	$ 768,358	$ 93,220	$ 70,036
CC#21 Engineering & Planning	$ 567,060	$ 578,842	$ 668,543	$ 737,716	$ 101,483	$ 69,173
CC#23 Metropolitan & Water Resources	$ 377,920	$ 341,365	$ 402,286	$ 423,374	$ 24,366	$ 21,088
CC#31 Government Affairs & Policy	$ 187,335	$ 150,240	$ 137,420	$ 139,604	$ (49,915)	$ 2,184
CC#32 Public Affairs	$ 851,284	$ 871,523	$ 963,962	$ 1,027,595	$ 112,678	$ 63,633
CC#35 Water Use Efficiency	$ 232,533	$ 340,842	$ 221,230	$ 233,228	$ (11,303)	$ 11,998
CC#36 Water Loss Control	$ -	$ 587	$ 139,289	$ 151,235	$ 139,289	$ 11,946
CC#41 Finance	$ 547,775	$ 573,507	$ 686,269	$ 760,952	$ 138,494	$ 74,683
CC#45 Information Technology	$ 135,124	$ 154,888	$ 157,227	$ 167,460	$ 22,103	$ 10,233
6010-SALARIES AND WAGES - ADMIN Total	**$ 4,952,736**	**$ 4,852,009**	**$ 5,351,613**	**$ 5,750,566**	**$ 398,877**	**$ 398,953**
6012-GRANT RECOVERY - SALARIES						
CC#32 Public Affairs	$ (33,000)	$ (33,000)	$ -	$ -	$ 33,000	$ -
6012-GRANT RECOVERY - SALARIES Total	**$ (33,000)**	**$ (33,000)**	**$ -**	**$ -**	**$ 33,000**	**$ -**
6090-DIRECTORS COMPENSATION - MWDOC						
CC#11 Board Relations	$ 281,917	$ 275,208	$ 290,942	$ 300,923	$ 9,025	$ 9,981
6090-DIRECTORS COMPENSATION - MWDOC Total	**$ 281,917**	**$ 275,208**	**$ 290,942**	**$ 300,923**	**$ 9,025**	**$ 9,981**
6095-DIRECTORS COMPENSATION-MET						
CC#11 Board Relations	$ 161,096	$ 156,399	$ 166,253	$ 171,956	$ 5,157	$ 5,703
6095-DIRECTORS COMPENSATION-MET Total	**$ 161,096**	**$ 156,399**	**$ 166,253**	**$ 171,956**	**$ 5,157**	**$ 5,703**
6105-BENEFITS ADMIN						
CC#11 Board Relations	$ 136,819	$ 119,633	$ 135,114	$ 141,241	$ (1,705)	$ 6,127

Municipal Water District of Orange County (MWDOC) Biennial Budget
Detail Of Revenue and Expenditure By Accounts And Cost Centers
Core Fund

Program	Adopted FY25-26	Projected FY25-26	Proposed FY26-27	Proposed FY27-28	FY25-26 to FY26-27 Variance	FY26-27 to FY27-28 Variance
CC#12 Administration	$ 221,094	$ 174,256	$ 193,742	$ 195,547	$ (27,352)	$ 1,805
CC#13 Human Resources	$ 122,537	$ 119,950	$ 131,699	$ 128,908	$ 9,162	$ (2,791)
CC#19 Overhead	$ 180,486	$ 216,490	$ 232,060	$ 249,438	$ 51,574	$ 17,378
CC#21 Engineering & Planning	$ 161,397	$ 178,792	$ 212,993	$ 225,847	$ 51,596	$ 12,854
CC#23 Metropolitan & Water Resources	$ 104,709	$ 115,720	$ 135,347	$ 140,872	$ 30,638	$ 5,525
CC#31 Government Affairs & Policy	$ 60,211	$ 51,314	$ 46,164	$ 46,136	$ (14,047)	$ (28)
CC#32 Public Affairs	$ 259,741	$ 283,383	$ 328,948	$ 347,950	$ 69,207	$ 19,002
CC#35 Water Use Efficiency	$ 69,434	$ 109,683	$ 75,249	$ 78,689	$ 5,815	$ 3,440
CC#36 Water Loss Control	$ -	$ 263	$ 44,167	$ 47,777	$ 44,167	$ 3,610
CC#41 Finance	$ 164,353	$ 176,495	$ 215,423	$ 232,860	$ 51,070	$ 17,437
CC#45 Information Technology	$ 44,736	$ 52,536	$ 54,005	$ 57,102	$ 9,269	$ 3,097
6105-BENEFITS ADMIN Total	**$ 1,525,517**	**$ 1,598,515**	**$ 1,804,911**	**$ 1,892,367**	**$ 279,394**	**$ 87,456**
6109-UNFUNDED PENSION						
CC#19 Overhead	$ 207,000	$ 207,000	$ 207,000	$ 207,000	$ -	$ -
6109-UNFUNDED PENSION Total	**$ 207,000**	**$ 207,000**	**$ 207,000**	**$ 207,000**	**$ -**	**$ -**
6111-OVERHEAD REIMBURSEMENT						
CC#19 Overhead	$ (504,105)	$ (94,640)	$ (437,856)	$ (469,044)	$ 66,249	$ (31,188)
6111-OVERHEAD REIMBURSEMENT Total	**$ (504,105)**	**$ (94,640)**	**$ (437,856)**	**$ (469,044)**	**$ 66,249**	**$ (31,188)**
6115-DIRECTORS BENEFITS						
CC#11 Board Relations	$ 158,371	$ 152,929	$ 178,489	$ 188,908	$ 20,118	$ 10,419
6115-DIRECTORS BENEFITS Total	**$ 158,371**	**$ 152,929**	**$ 178,489**	**$ 188,908**	**$ 20,118**	**$ 10,419**
6120-HEALTH INSURANCE FOR RETIREES						
CC#19 Overhead	$ 122,517	$ 107,000	$ 123,710	$ 128,658	$ 1,193	$ 4,948
6120-HEALTH INSURANCE FOR RETIREES Total	**$ 122,517**	**$ 107,000**	**$ 123,710**	**$ 128,658**	**$ 1,193**	**$ 4,948**
6205-TRAINING EXPENSE (See Exh J)						
CC#11 Board Relations	$ 2,500	$ -	$ 2,500	$ 2,500	$ -	$ -
CC#12 Administration	$ 6,000	$ -	$ -	$ -	$ (6,000)	$ -
CC#13 Human Resources	$ 58,945	$ 52,000	$ 54,000	$ 56,000	$ (4,945)	$ 2,000
CC#31 Government Affairs & Policy	$ 15,000	$ -	$ -	$ -	$ (15,000)	$ -
6205-TRAINING EXPENSE (See Exh J) Total	**$ 82,445**	**$ 52,000**	**$ 56,500**	**$ 58,500**	**$ (25,945)**	**$ 2,000**
6210-TUITION REIMBURSEMENT						
CC#13 Human Resources	$ 6,500	$ 7,662	$ 6,900	$ 7,100	$ 400	$ 200
6210-TUITION REIMBURSEMENT Total	**$ 6,500**	**$ 7,662**	**$ 6,900**	**$ 7,100**	**$ 400**	**$ 200**
6220-TEMPORARY HELP EXPENSE						
CC#12 Administration	$ 5,000	$ -	$ 5,000	$ 5,000	$ -	$ -
6220-TEMPORARY HELP EXPENSE Total	**$ 5,000**	**$ -**	**$ 5,000**	**$ 5,000**	**$ -**	**$ -**
7010-OUTSIDE CONSULTING SERVICES (See Exh J)						
CC#21 Engineering & Planning	$ 470,000	$ 1,607,850	$ 355,000	$ 295,000	$ (115,000)	$ (60,000)
CC#23 Metropolitan & Water Resources	$ 100,000	$ 100,000	$ 95,000	$ 103,000	$ (5,000)	$ 8,000
7010-OUTSIDE CONSULTING SERVICES (See Exh J) Total	**$ 570,000**	**$ 1,707,850**	**$ 450,000**	**$ 398,000**	**$ (120,000)**	**$ (52,000)**
7020-LEGAL EXPENSE (See Exh J)						
CC#11 Board Relations	$ 235,000	$ 235,000	$ 230,000	$ 235,000	$ (5,000)	$ 5,000
CC#13 Human Resources	$ 25,000	$ 31,000	$ 27,040	$ 28,121	$ 2,040	$ 1,081
7020-LEGAL EXPENSE (See Exh J) Total	**$ 260,000**	**$ 266,000**	**$ 257,040**	**$ 263,121**	**$ (2,960)**	**$ 6,081**
7030-AUDIT EXPENSE (See Exh J)						
CC#41 Finance	$ 37,445	$ 32,455	$ 38,418	$ 39,420	$ 973	$ 1,002
7030-AUDIT EXPENSE (See Exh J) Total	**$ 37,445**	**$ 32,455**	**$ 38,418**	**$ 39,420**	**$ 973**	**$ 1,002**
7040-PROFESSIONAL SERVICES (See Exh J)						
CC#12 Administration	$ -	$ 21,000	$ 21,000	$ 21,840	$ 21,000	$ 840
CC#13 Human Resources	$ -	$ -	$ 60,000	$ -	$ 60,000	$ (60,000)

Municipal Water District of Orange County (MWDOC) Biennial Budget
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Core Fund

Program	Adopted FY25-26	Projected FY25-26	Proposed FY26-27	Proposed FY27-28	FY25-26 to FY26-27 Variance	FY26-27 to FY27-28 Variance
CC#19 Overhead	$ 5,000	$ 5,000	$ 975	$ 1,014	$ (4,025)	$ 39
CC#31 Government Affairs & Policy	$ 394,000	$ 381,000	$ 370,000	$ 370,000	$ (24,000)	$ -
CC#32 Public Affairs	$ 220,000	$ 165,000	$ 170,000	$ 175,000	$ (50,000)	$ 5,000
CC#35 Water Use Efficiency	$ 215,000	$ 205,000	$ 70,000	$ 75,000	$ (145,000)	$ 5,000
CC#36 Water Loss Control	$ -	$ -	$ 100,000	$ 100,000	$ 100,000	$ -
CC#41 Finance	$ 15,200	$ 4,000	$ 9,700	$ 11,800	$ (5,500)	$ 2,100
CC#45 Information Technology	$ 65,000	$ 40,000	$ 69,000	$ 69,360	$ 4,000	$ 360
7040-PROFESSIONAL SERVICES (See Exh J) Total	**$ 914,200**	**$ 821,000**	**$ 870,675**	**$ 824,014**	**$ (43,525)**	**$ (46,661)**
7110-CONFERENCE - EMPLOYEE (See Exh E)						
CC#12 Administration	$ 42,497	$ 20,830	$ 18,355	$ 18,850	$ (24,142)	$ 495
CC#13 Human Resources	$ -	$ -	$ 2,700	$ 2,848	$ 2,700	$ 148
CC#21 Engineering & Planning	$ -	$ 1,000	$ 200	$ 208	$ 200	$ 8
CC#31 Government Affairs & Policy	$ -	$ 7,230	$ 9,757	$ 8,665	$ 9,757	$ (1,092)
CC#32 Public Affairs	$ -	$ 2,530	$ 3,599	$ 4,634	$ 3,599	$ 1,035
CC#35 Water Use Efficiency	$ -	$ 3,000	$ 4,900	$ 5,096	$ 4,900	$ 196
CC#36 Water Loss Control	$ -	$ 4,875	$ 6,600	$ 6,869	$ 6,600	$ 269
CC#41 Finance	$ -	$ -	$ -	$ 1,400	$ -	$ 1,400
7110-CONFERENCE - EMPLOYEE (See Exh E) Total	**$ 42,497**	**$ 39,465**	**$ 46,111**	**$ 48,570**	**$ 3,614**	**$ 2,459**
7115-CONFERENCE EXPENSE-DIRECTOR (See Exh F)						
CC#11 Board Relations	$ 17,155	$ 21,095	$ 21,784	$ 22,617	$ 4,629	$ 833
7115-CONFERENCE EXPENSE-DIRECTOR (See Exh F) Total	**$ 17,155**	**$ 21,095**	**$ 21,784**	**$ 22,617**	**$ 4,629**	**$ 833**
7150-TRAVEL/ACCOMMODATION-EMPLOYEE (See Exh E)						
CC#12 Administration	$ 85,900	$ 28,373	$ 27,600	$ 28,420	$ (58,300)	$ 820
CC#13 Human Resources	$ -	$ -	$ 2,900	$ 2,916	$ 2,900	$ 16
CC#21 Engineering & Planning	$ -	$ 1,800	$ 600	$ 624	$ 600	$ 24
CC#23 Metropolitan & Water Resources	$ -	$ -	$ 850	$ 884	$ 850	$ 34
CC#31 Government Affairs & Policy	$ -	$ 21,807	$ 17,350	$ 17,840	$ 17,350	$ 490
CC#32 Public Affairs	$ -	$ 7,000	$ 5,750	$ 5,980	$ 5,750	$ 230
CC#35 Water Use Efficiency	$ -	$ 11,800	$ 13,420	$ 13,426	$ 13,420	$ 6
CC#36 Water Loss Control	$ -	$ 7,389	$ 7,150	$ 7,436	$ 7,150	$ 286
CC#41 Finance	$ -	$ -	$ -	$ 300	$ -	$ 300
7150-TRAVEL/ACCOMMODATION-EMPLOYEE (See Exh E) Tot	**$ 85,900**	**$ 78,169**	**$ 75,620**	**$ 77,826**	**$ (10,280)**	**$ 2,206**
7155-TRAVEL/ACCOMMODATION-DIRECTOR (See Exh F)						
CC#11 Board Relations	$ 36,625	$ 36,050	$ 31,400	$ 32,536	$ (5,225)	$ 1,136
7155-TRAVEL/ACCOMMODATION-DIRECTOR (See Exh F) Tota	**$ 36,625**	**$ 36,050**	**$ 31,400**	**$ 32,536**	**$ (5,225)**	**$ 1,136**
7210-MEMBERSHIP & SPONSORSHIP (See Exh D)						
CC#11 Board Relations	$ 48,652	$ 53,956	$ 59,128	$ 61,932	$ 10,476	$ 2,804
CC#12 Administration	$ 151,684	$ 33,394	$ 34,663	$ 36,049	$ (117,021)	$ 1,386
CC#13 Human Resources	$ -	$ 1,344	$ 1,398	$ 1,453	$ 1,398	$ 55
CC#21 Engineering & Planning	$ -	$ 13,533	$ 15,333	$ 16,406	$ 15,333	$ 1,073
CC#23 Metropolitan & Water Resources	$ -	$ 17,000	$ 17,680	$ 18,387	$ 17,680	$ 707
CC#31 Government Affairs & Policy	$ 12,500	$ 86,532	$ 69,178	$ 71,883	$ 56,678	$ 2,705
CC#32 Public Affairs	$ -	$ 2,688	$ 3,356	$ 2,809	$ 3,356	$ (547)
CC#35 Water Use Efficiency	$ 8,550	$ 9,050	$ 9,050	$ 9,250	$ 500	$ 200
CC#36 Water Loss Control	$ -	$ 2,197	$ 2,285	$ 2,376	$ 2,285	$ 91
CC#41 Finance	$ -	$ 505	$ 510	$ 516	$ 510	$ 6
CC#45 Information Technology	$ -	$ 742	$ 771	$ 803	$ 771	$ 32
7210-MEMBERSHIP & SPONSORSHIP (See Exh D) Total	**$ 221,386**	**$ 220,941**	**$ 213,352**	**$ 221,864**	**$ (8,034)**	**$ 8,512**
7220-EDUCATION INITIATIVE						
CC#32 Public Affairs	$ 35,000	$ -	$ 45,000	$ 45,000	$ 10,000	$ -
7220-EDUCATION INITIATIVE Total	**$ 35,000**	**$ -**	**$ 45,000**	**$ 45,000**	**$ 10,000**	**$ -**
7250-CDR SUPPORT						
CC#12 Administration	$ 72,650	$ 72,648	$ -	$ -	$ (72,650)	$ -
CC#21 Engineering & Planning	$ -	$ -	$ 77,272	$ 77,272	$ 77,272	$ -

Municipal Water District of Orange County (MWDOC) Biennial Budget
Detail Of Revenue and Expenditure By Accounts And Cost Centers
Core Fund

Program	Adopted FY25-26	Projected FY25-26	Proposed FY26-27	Proposed FY27-28	FY25-26 to FY26-27 Variance	FY26-27 to FY27-28 Variance
7250-CDR SUPPORT Total	**$ 72,650**	**$ 72,648**	**$ 77,272**	**$ 77,272**	**$ 4,622**	**$ -**
7305-BUSINESS EXPENSE						
CC#12 Administration	$ 5,500	$ 5,607	$ 5,720	$ 5,949	$ 220	$ 229
7305-BUSINESS EXPENSE Total	**$ 5,500**	**$ 5,607**	**$ 5,720**	**$ 5,949**	**$ 220**	**$ 229**
7310-OFFICE MAINTENANCE						
CC#19 Overhead	$ 156,000	$ 150,000	$ 163,385	$ 169,921	$ 7,385	$ 6,536
7310-OFFICE MAINTENANCE Total	**$ 156,000**	**$ 150,000**	**$ 163,385**	**$ 169,921**	**$ 7,385**	**$ 6,536**
7315-BUILDING REPAIR & MAINTENANCE						
CC#19 Overhead	$ 57,200	$ 59,000	$ 64,381	$ 66,957	$ 7,181	$ 2,576
7315-BUILDING REPAIR & MAINTENANCE Total	**$ 57,200**	**$ 59,000**	**$ 64,381**	**$ 66,957**	**$ 7,181**	**$ 2,576**
7320-STORAGE RENTAL AND EQUIP LEASE						
CC#19 Overhead	$ 1,125	$ 1,000	$ 1,170	$ 1,217	$ 45	$ 47
7320-STORAGE RENTAL AND EQUIP LEASE Total	**$ 1,125**	**$ 1,000**	**$ 1,170**	**$ 1,217**	**$ 45**	**$ 47**
7330-OFFICE SUPPLIES						
CC#19 Overhead	$ 28,000	$ 25,000	$ 28,000	$ 29,120	$ -	$ 1,120
7330-OFFICE SUPPLIES Total	**$ 28,000**	**$ 25,000**	**$ 28,000**	**$ 29,120**	**$ -**	**$ 1,120**
7340-POSTAGE-MAIL DELIVERY						
CC#11 Board Relations	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ -	$ -
CC#19 Overhead	$ 2,800	$ 1,500	$ 2,124	$ 2,209	$ (676)	$ 85
7340-POSTAGE-MAIL DELIVERY Total	**$ 8,800**	**$ 7,500**	**$ 8,124**	**$ 8,209**	**$ (676)**	**$ 85**
7350-SUBSCRIPTIONS-BOOKS						
CC#12 Administration	$ 10,000	$ 11,500	$ 6,500	$ 6,760	$ (3,500)	$ 260
7350-SUBSCRIPTIONS-BOOKS Total	**$ 10,000**	**$ 11,500**	**$ 6,500**	**$ 6,760**	**$ (3,500)**	**$ 260**
7360-REPRODUCTION EXPENSE						
CC#19 Overhead	$ 8,500	$ 10,000	$ -	$ -	$ (8,500)	$ -
CC#32 Public Affairs	$ 100,000	$ 100,000	$ 104,000	$ 109,970	$ 4,000	$ 5,970
7360-REPRODUCTION EXPENSE Total	**$ 108,500**	**$ 110,000**	**$ 104,000**	**$ 109,970**	**$ (4,500)**	**$ 5,970**
7410-COMPUTER AND PERIPHERALS MAINT						
CC#45 Information Technology	$ 15,850	$ 13,000	$ 15,300	$ 16,853	$ (550)	$ 1,553
7410-COMPUTER AND PERIPHERALS MAINT Total	**$ 15,850**	**$ 13,000**	**$ 15,300**	**$ 16,853**	**$ (550)**	**$ 1,553**
7430-SOFTWARE PURCHASE						
CC#21 Engineering & Planning	$ 4,900	$ -	$ -	$ -	$ (4,900)	$ -
CC#41 Finance	$ 120,000	$ 34,900	$ -	$ -	$ (120,000)	$ -
CC#45 Information Technology	$ 144,411	$ 120,000	$ 228,543	$ 241,259	$ 84,132	$ 12,716
7430-SOFTWARE PURCHASE Total	**$ 269,311**	**$ 154,900**	**$ 228,543**	**$ 241,259**	**$ (40,768)**	**$ 12,716**
7440-SOFTWARE SUPPORT						
CC#41 Finance	$ 15,000	$ 56,600	$ -	$ -	$ (15,000)	$ -
CC#45 Information Technology	$ 5,000	$ 3,000	$ 3,600	$ 3,800	$ (1,400)	$ 200
7440-SOFTWARE SUPPORT Total	**$ 20,000**	**$ 59,600**	**$ 3,600**	**$ 3,800**	**$ (16,400)**	**$ 200**
7450-COMPUTERS AND EQUIPMENT						
CC#45 Information Technology	$ 45,250	$ 30,000	$ 12,750	$ 12,750	$ (32,500)	$ -
7450-COMPUTERS AND EQUIPMENT Total	**$ 45,250**	**$ 30,000**	**$ 12,750**	**$ 12,750**	**$ (32,500)**	**$ -**
7610-AUTOMOTIVE EXPENSE-MILEAGE						
CC#11 Board Relations	$ 7,000	$ 7,000	$ 7,000	$ 7,000	$ -	$ -
CC#12 Administration	$ 4,500	$ 3,600	$ 4,500	$ 4,680	$ -	$ 180
7610-AUTOMOTIVE EXPENSE-MILEAGE Total	**$ 11,500**	**$ 10,600**	**$ 11,500**	**$ 11,680**	**$ -**	**$ 180**
7615-TOLL ROAD CHARGES						

Municipal Water District of Orange County (MWDOC) Biennial Budget
Detail Of Revenue and Expenditure By Accounts And Cost Centers
Core Fund

Program	Adopted FY25-26	Projected FY25-26	Proposed FY26-27	Proposed FY27-28	FY25-26 to FY26-27 Variance	FY26-27 to FY27-28 Variance
CC#11 Board Relations	$ 300	$ 300	$ 300	$ 300	$ -	$ -
CC#12 Administration	$ 250	$ 200	$ 250	$ 260	$ -	$ 10
7615-TOLL ROAD CHARGES Total	**$ 550**	**$ 500**	**$ 550**	**$ 560**	**$ -**	**$ 10**
7620-INSURANCE EXPENSE						
CC#19 Overhead	$ 233,950	$ 210,000	$ 238,426	$ 247,965	$ 4,476	$ 9,539
7620-INSURANCE EXPENSE Total	**$ 233,950**	**$ 210,000**	**$ 238,426**	**$ 247,965**	**$ 4,476**	**$ 9,539**
7640-UTILITIES-TELEPHONE						
CC#19 Overhead	$ 46,924	$ 38,430	$ 43,675	$ 45,421	$ (3,249)	$ 1,746
CC#32 Public Affairs	$ 550	$ -	$ -	$ -	$ (550)	$ -
7640-UTILITIES-TELEPHONE Total	**$ 47,474**	**$ 38,430**	**$ 43,675**	**$ 45,421**	**$ (3,799)**	**$ 1,746**
7650-BANK FEES						
CC#19 Overhead	$ 2,400	$ 100	$ 1,600	$ 1,600	$ (800)	$ -
7650-BANK FEES Total	**$ 2,400**	**$ 100**	**$ 1,600**	**$ 1,600**	**$ (800)**	**$ -**
7670-MISCELLANEOUS EXPENSE						
CC#11 Board Relations	$ 6,000	$ 6,000	$ 6,500	$ 7,000	$ 500	$ 500
CC#12 Administration	$ 3,800	$ 3,000	$ 3,800	$ 3,952	$ -	$ 152
CC#13 Human Resources	$ 35,500	$ 38,000	$ 39,520	$ 41,000	$ 4,020	$ 1,480
CC#19 Overhead	$ 3,500	$ 3,400	$ 3,600	$ 3,744	$ 100	$ 144
CC#21 Engineering & Planning	$ 7,500	$ 2,152	$ -	$ -	$ (7,500)	$ -
CC#23 Metropolitan & Water Resources	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ -	$ -
CC#31 Government Affairs & Policy	$ 1,500	$ -	$ 10,000	$ 10,000	$ 8,500	$ -
CC#32 Public Affairs	$ 67,400	$ 100,000	$ 26,500	$ 27,500	$ (40,900)	$ 1,000
CC#35 Water Use Efficiency	$ 6,000	$ 4,000	$ 6,000	$ 6,000	$ -	$ -
CC#41 Finance	$ 1,000	$ 1,100	$ 1,200	$ 1,200	$ 200	$ -
CC#45 Information Technology	$ 1,500	$ 1,000	$ 2,000	$ 2,000	$ 500	$ -
7670-MISCELLANEOUS EXPENSE Total	**$ 135,200**	**$ 160,152**	**$ 100,620**	**$ 103,896**	**$ (34,580)**	**$ 3,276**
8510-MWDOCS CONTRIB TO PROGRAMS						
CC#00 General	$ -	$ -	$ 33,333	$ 33,333	$ 33,333	$ -
CC#24 MWDOC Contribution to WEROC	$ 353,149	$ 353,149	$ 365,686	$ 391,347	$ 12,537	$ 25,661
8510-MWDOCS CONTRIB TO PROGRAMS Total	**$ 353,149**	**$ 353,149**	**$ 399,019**	**$ 424,680**	**$ 45,870**	**$ 25,661**
8710-ELECTION EXPENSES						
CC#11 Board Relations	$ 605,000	$ 605,000	$ 580,000	$ 420,000	$ (25,000)	$ (160,000)
8710-ELECTION EXPENSES Total	**$ 605,000**	**$ 605,000**	**$ 580,000**	**$ 420,000**	**$ (25,000)**	**$ (160,000)**
8810-CAPITAL ACQUISITION						
CC#19 Overhead	$ -	$ 7,500	$ -	$ -	$ -	$ -
CC#45 Information Technology	$ 25,000	$ -	$ -	$ -	$ (25,000)	$ -
8810-CAPITAL ACQUISITION Total	**$ 25,000**	**$ 7,500**	**$ -**	**$ -**	**$ (25,000)**	**$ -**
8811-BUILDING EXPENSE						
CC#19 Overhead	$ -	$ -	$ 75,000	$ -	$ 75,000	$ (75,000)
8811-BUILDING EXPENSE Total	**$ -**	**$ -**	**$ 75,000**	**$ -**	**$ 75,000**	**$ (75,000)**
Expenditure Total	**$ 11,398,611**	**$ 12,589,293**	**$ 11,971,997**	**$ 12,220,741**	**$ 573,386**	**$ 248,744**
Grand Total	**$ (1,352)**	**$ 25,648**	**$ 54,763**	**$ (59,401)**	**$ 56,115**	**$ (114,164)**

Municipal Water District of Orange County (MWDOC) Biennial Budget
Detail Of Revenue and Expenditure By Accounts And Cost Centers
Choice Fund

Program	Adopted FY25-26	Projected FY25-26	Proposed FY26-27	Proposed FY27-28	FY25-26 to FY26-27 Variance	FY26-27 to FY27-28 Variance
Revenue						
4215-CHOICE REVENUE						
CC#62 Water Use Efficiency (Choice)	$ 1,183,382	$ 1,065,370	$ 945,996	$ 990,151	$ (237,386)	$ 44,155
CC#63 School Program (Choice)	$ 504,809	$ 377,789	$ 525,029	$ 542,643	$ 20,220	$ 17,614
CC#70 Water Loss Control (Choice)	$ 369,444	$ 281,060	$ 1,121,329	$ 1,172,610	$ 751,885	$ 51,281
4215-CHOICE REVENUE Total	**$ 2,057,635**	**$ 1,724,219**	**$ 2,592,354**	**$ 2,705,404**	**$ 534,719**	**$ 113,050**
4230-REIMBURSEMENTS						
CC#71 Engineering (Choice)	$ -	$ -	$ 203,000	$ 215,667	$ 203,000	$ 12,667
4230-REIMBURSEMENTS Total	**$ -**	**$ -**	**$ 203,000**	**$ 215,667**	**$ 203,000**	**$ 12,667**
4305-REVENUE FROM MWD						
CC#70 Water Loss Control (Choice)	$ 312,321	$ 252,011	$ 248,355	$ 248,355	$ (63,966)	$ -
4305-REVENUE FROM MWD Total	**$ 312,321**	**$ 252,011**	**$ 248,355**	**$ 248,355**	**$ (63,966)**	**$ -**
4705-PRIOR YEAR CARRYOVER						
CC#61 AMP Administration	$ 944	$ 3	$ -	$ -	$ (944)	$ -
4705-PRIOR YEAR CARRYOVER Total	**$ 944**	**$ 3**	**$ -**	**$ -**	**$ (944)**	**$ -**
Revenue Total	**$ 2,370,900**	**$ 1,976,233**	**$ 3,043,709**	**$ 3,169,426**	**$ 672,809**	**$ 125,717**
Expenditure						
6010-SALARIES AND WAGES - ADMIN						
CC#61 AMP Administration	$ 745	$ -	$ -	$ -	$ (745)	$ -
CC#62 Water Use Efficiency (Choice)	$ 579,176	$ 517,245	$ 441,834	$ 475,195	$ (137,342)	$ 33,361
CC#63 School Program (Choice)	$ 8,815	$ 9,253	$ 10,511	$ 11,757	$ 1,696	$ 1,246
CC#70 Water Loss Control (Choice)	$ 300,762	$ 236,569	$ 334,804	$ 357,009	$ 34,042	$ 22,205
6010-SALARIES AND WAGES - ADMIN Total	**$ 889,498**	**$ 763,067**	**$ 787,149**	**$ 843,961**	**$ (102,349)**	**$ 56,812**
6012-GRANT RECOVERY - SALARIES						
CC#62 Water Use Efficiency (Choice)	$ (15,000)	$ (6,578)	$ -	$ -	$ 15,000	$ -
6012-GRANT RECOVERY - SALARIES Total	**$ (15,000)**	**$ (6,578)**	**$ -**	**$ -**	**$ 15,000**	**$ -**
6105-BENEFITS ADMIN						
CC#61 AMP Administration	$ 199	$ 3	$ -	$ -	$ (199)	$ -
CC#62 Water Use Efficiency (Choice)	$ 149,585	$ 134,093	$ 106,110	$ 113,783	$ (43,475)	$ 7,673
CC#63 School Program (Choice)	$ 3,069	$ 3,236	$ 3,832	$ 4,262	$ 763	$ 430
CC#70 Water Loss Control (Choice)	$ 96,104	$ 72,958	$ 94,430	$ 100,139	$ (1,674)	$ 5,709
6105-BENEFITS ADMIN Total	**$ 248,957**	**$ 210,290**	**$ 204,372**	**$ 218,184**	**$ (44,585)**	**$ 13,812**
6111-OVERHEAD REIMBURSEMENT						
CC#62 Water Use Efficiency (Choice)	$ 322,961	$ 287,630	$ 241,972	$ 260,093	$ (80,989)	$ 18,121
CC#63 School Program (Choice)	$ 5,267	$ -	$ 6,334	$ 7,074	$ 1,067	$ 740
CC#70 Water Loss Control (Choice)	$ 175,877	$ 136,687	$ 189,550	$ 201,877	$ 13,673	$ 12,327
6111-OVERHEAD REIMBURSEMENT Total	**$ 504,105**	**$ 424,317**	**$ 437,856**	**$ 469,044**	**$ (66,249)**	**$ 31,188**
6205-TRAINING EXPENSE (See Exh J)						
CC#70 Water Loss Control (Choice)	$ 2,000	$ 2,200	$ 2,000	$ 2,000	$ -	$ -
6205-TRAINING EXPENSE (See Exh J) Total	**$ 2,000**	**$ 2,200**	**$ 2,000**	**$ 2,000**	**$ -**	**$ -**
7040-PROFESSIONAL SERVICES (See Exh J)						
CC#62 Water Use Efficiency (Choice)	$ 139,530	$ 130,000	$ 149,100	$ 134,100	$ 9,570	$ (15,000)
CC#63 School Program (Choice)	$ 487,658	$ 365,300	$ 504,352	$ 519,550	$ 16,694	$ 15,198
CC#70 Water Loss Control (Choice)	$ 83,270	$ 60,000	$ 720,000	$ 730,000	$ 636,730	$ 10,000

Municipal Water District of Orange County (MWDOC) Biennial Budget
Detail Of Revenue and Expenditure By Accounts And Cost Centers
Choice Fund

Program	Adopted FY25-26	Projected FY25-26	Proposed FY26-27	Proposed FY27-28	FY25-26 to FY26-27 Variance	FY26-27 to FY27-28 Variance
CC#71 Engineering (Choice)	$ -	$ -	$ 203,000	$ 215,667	$ 203,000	$ 12,667
7040-PROFESSIONAL SERVICES (See Exh J) Total	**$ 710,458**	**$ 555,300**	**$ 1,576,452**	**$ 1,599,317**	**$ 865,994**	**$ 22,865**
7332-SUPPLIES - WATER LOSS CONTROL						
CC#70 Water Loss Control (Choice)	$ 4,000	$ 3,400	$ 4,000	$ 4,500	$ -	$ 500
7332-SUPPLIES - WATER LOSS CONTROL Total	**$ 4,000**	**$ 3,400**	**$ 4,000**	**$ 4,500**	**$ -**	**$ 500**
7340-POSTAGE-MAIL DELIVERY						
CC#62 Water Use Efficiency (Choice)	$ 650	$ 500	$ 500	$ 500	$ (150)	$ -
7340-POSTAGE-MAIL DELIVERY Total	**$ 650**	**$ 500**	**$ 500**	**$ 500**	**$ (150)**	**$ -**
7430-SOFTWARE PURCHASE						
CC#70 Water Loss Control (Choice)	$ 2,420	$ 2,200	$ 3,200	$ 3,200	$ 780	$ -
7430-SOFTWARE PURCHASE Total	**$ 2,420**	**$ 2,200**	**$ 3,200**	**$ 3,200**	**$ 780**	**$ -**
7610-AUTOMOTIVE EXPENSE-MILEAGE						
CC#70 Water Loss Control (Choice)	$ 100	$ 100	$ 100	$ 120	$ -	$ 20
7610-AUTOMOTIVE EXPENSE-MILEAGE Total	**$ 100**	**$ 100**	**$ 100**	**$ 120**	**$ -**	**$ 20**
7612-VEHICLE EXPENSE						
CC#70 Water Loss Control (Choice)	$ 10,000	$ 10,000	$ 12,000	$ 12,000	$ 2,000	$ -
7612-VEHICLE EXPENSE Total	**$ 10,000**	**$ 10,000**	**$ 12,000**	**$ 12,000**	**$ 2,000**	**$ -**
7615-TOLL ROAD CHARGES						
CC#70 Water Loss Control (Choice)	$ 400	$ 1,500	$ 2,000	$ 2,000	$ 1,600	$ -
7615-TOLL ROAD CHARGES Total	**$ 400**	**$ 1,500**	**$ 2,000**	**$ 2,000**	**$ 1,600**	**$ -**
7620-INSURANCE EXPENSE						
CC#70 Water Loss Control (Choice)	$ 200	$ 177	$ 200	$ 220	$ -	$ 20
7620-INSURANCE EXPENSE Total	**$ 200**	**$ 177**	**$ 200**	**$ 220**	**$ -**	**$ 20**
7640-UTILITIES-TELEPHONE						
CC#62 Water Use Efficiency (Choice)	$ 480	$ 480	$ 480	$ 480	$ -	$ -
CC#70 Water Loss Control (Choice)	$ 1,632	$ 2,280	$ 2,400	$ 2,400	$ 768	$ -
7640-UTILITIES-TELEPHONE Total	**$ 2,112**	**$ 2,760**	**$ 2,880**	**$ 2,880**	**$ 768**	**$ -**
7670-MISCELLANEOUS EXPENSE						
CC#62 Water Use Efficiency (Choice)	$ 6,000	$ 2,000	$ 6,000	$ 6,000	$ -	$ -
CC#70 Water Loss Control (Choice)	$ 5,000	$ 5,000	$ 5,000	$ 5,500	$ -	$ 500
7670-MISCELLANEOUS EXPENSE Total	**$ 11,000**	**$ 7,000**	**$ 11,000**	**$ 11,500**	**$ -**	**$ 500**
Expenditure Total	**$ 2,370,900**	**$ 1,976,233**	**$ 3,043,709**	**$ 3,169,426**	**$ 672,809**	**$ 125,717**
Grand Total	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Municipal Water District of Orange County (MWDOC) Biennial Budget
Detail Of Revenue Source And Expenditure By Cost Centers And Accounts
Core Fund

Cost Centers	Adopted FY25-26	Projected FY25-26	Proposed FY26-27	Proposed FY27-28	FY25-26 to FY26-27 Variance	FY26-27 to FY27-28 Variance
CC#00 General						
Revenue						
4050-RETAIL CONNECTION CHARGE (See Exh C)	$ 9,939,371	$ 9,939,371	$ 10,278,727	$ 10,686,812	$ 339,356	$ 408,085
4055-GROUND WATER CUSTOMER CHARGE	$ 414,371	$ 414,371	$ 427,658	$ 441,989	$ 13,287	$ 14,331
4105-INTEREST REVENUE	$ 916,000	$ 931,000	$ 962,952	$ 810,785	$ 46,952	$ (152,167)
4240-MISCELLANEOUS INCOME	$ 5,000	$ 1,200	$ 5,000	$ 5,000	$ -	$ -
4705-PRIOR YEAR CARRYOVER	$ -	$ -	$ 195,380	$ 54,763	$ 195,380	$ (140,617)
4XXX-REIMB FROM OPEB RESERVE/115 TRUST	$ 122,517	$ 107,000	$ 123,710	$ 128,658	$ 1,193	$ 4,948
Revenue Total	**$ 11,397,259**	**$ 11,392,942**	**$ 11,993,427**	**$ 12,128,007**	**$ 596,168**	**$ 134,580**
Expenditure						
8510-MWDOCS CONTRIB TO PROGRAMS	$ -	$ -	$ 33,333	$ 33,333	$ 33,333	$ -
Expenditure Total	**$ -**	**$ -**	**$ 33,333**	**$ 33,333**	**$ 33,333**	**$ -**
CC#11 Board Relations						
Expenditure						
6010-SALARIES AND WAGES - ADMIN	$ 468,708	$ 350,739	$ 366,886	$ 385,749	$ (101,822)	$ 18,863
6090-DIRECTORS COMPENSATION - MWDOC	$ 281,917	$ 275,208	$ 290,942	$ 300,923	$ 9,025	$ 9,981
6095-DIRECTORS COMPENSATION-MET	$ 161,096	$ 156,399	$ 166,253	$ 171,956	$ 5,157	$ 5,703
6105-BENEFITS ADMIN	$ 136,819	$ 119,633	$ 135,114	$ 141,241	$ (1,705)	$ 6,127
6115-DIRECTORS BENEFITS	$ 158,371	$ 152,929	$ 178,489	$ 188,908	$ 20,118	$ 10,419
6205-TRAINING EXPENSE (See Exh J)	$ 2,500	$ -	$ 2,500	$ 2,500	$ -	$ -
7020-LEGAL EXPENSE (See Exh J)	$ 235,000	$ 235,000	$ 230,000	$ 235,000	$ (5,000)	$ 5,000
7115-CONFERENCE EXPENSE-DIRECTOR (See Exh F)	$ 17,155	$ 21,095	$ 21,784	$ 22,617	$ 4,629	$ 833
7155-TRAVEL/ACCOMMODATION-DIRECTOR (See Exh F)	$ 36,625	$ 36,050	$ 31,400	$ 32,536	$ (5,225)	$ 1,136
7210-MEMBERSHIP & SPONSORSHIP (See Exh D)	$ 48,652	$ 53,956	$ 59,128	$ 61,932	$ 10,476	$ 2,804
7340-POSTAGE-MAIL DELIVERY	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ -	$ -
7610-AUTOMOTIVE EXPENSE-MILEAGE	$ 7,000	$ 7,000	$ 7,000	$ 7,000	$ -	$ -
7615-TOLL ROAD CHARGES	$ 300	$ 300	$ 300	$ 300	$ -	$ -
7670-MISCELLANEOUS EXPENSE	$ 6,000	$ 6,000	$ 6,500	$ 7,000	$ 500	$ 500
8710-ELECTION EXPENSES	$ 605,000	$ 605,000	$ 580,000	$ 420,000	$ (25,000)	$ (160,000)
Expenditure Total	**$ 2,171,143**	**$ 2,025,309**	**$ 2,082,296**	**$ 1,983,662**	**$ (88,847)**	**$ (98,634)**
CC#12 Administration						
Expenditure						
6010-SALARIES AND WAGES - ADMIN	$ 573,603	$ 466,372	$ 505,173	$ 507,860	$ (68,430)	$ 2,687
6105-BENEFITS ADMIN	$ 221,094	$ 174,256	$ 193,742	$ 195,547	$ (27,352)	$ 1,805
6205-TRAINING EXPENSE (See Exh J)	$ 6,000	$ -	$ -	$ -	$ (6,000)	$ -
6220-TEMPORARY HELP EXPENSE	$ 5,000	$ -	$ 5,000	$ 5,000	$ -	$ -
7040-PROFESSIONAL SERVICES (See Exh J)	$ -	$ 21,000	$ 21,000	$ 21,840	$ 21,000	$ 840
7110-CONFERENCE - EMPLOYEE (See Exh E)	$ 42,497	$ 20,830	$ 18,355	$ 18,850	$ (24,142)	$ 495
7150-TRAVEL/ACCOMMODATION-EMPLOYEE (See Exh E)	$ 85,900	$ 28,373	$ 27,600	$ 28,420	$ (58,300)	$ 820
7210-MEMBERSHIP & SPONSORSHIP (See Exh D)	$ 151,684	$ 33,394	$ 34,663	$ 36,049	$ (117,021)	$ 1,386
7250-CDR SUPPORT	$ 72,650	$ 72,648	$ -	$ -	$ (72,650)	$ -
7305-BUSINESS EXPENSE	$ 5,500	$ 5,607	$ 5,720	$ 5,949	$ 220	$ 229
7350-SUBSCRIPTIONS-BOOKS	$ 10,000	$ 11,500	$ 6,500	$ 6,760	$ (3,500)	$ 260
7610-AUTOMOTIVE EXPENSE-MILEAGE	$ 4,500	$ 3,600	$ 4,500	$ 4,680	$ -	$ 180
7615-TOLL ROAD CHARGES	$ 250	$ 200	$ 250	$ 260	$ -	$ 10
7670-MISCELLANEOUS EXPENSE	$ 3,800	$ 3,000	$ 3,800	$ 3,952	$ -	$ 152
Expenditure Total	**$ 1,182,478**	**$ 840,780**	**$ 826,303**	**$ 835,167**	**$ (356,175)**	**$ 8,864**
CC#13 Human Resources						
Expenditure						
6010-SALARIES AND WAGES - ADMIN	$ 406,292	$ 381,346	$ 405,006	$ 447,435	$ (1,286)	$ 42,429
6105-BENEFITS ADMIN	$ 122,537	$ 119,950	$ 131,699	$ 128,908	$ 9,162	$ (2,791)
6205-TRAINING EXPENSE (See Exh J)	$ 58,945	$ 52,000	$ 54,000	$ 56,000	$ (4,945)	$ 2,000
6210-TUITION REIMBURSEMENT	$ 6,500	$ 7,662	$ 6,900	$ 7,100	$ 400	$ 200
7020-LEGAL EXPENSE (See Exh J)	$ 25,000	$ 31,000	$ 27,040	$ 28,121	$ 2,040	$ 1,081
7040-PROFESSIONAL SERVICES (See Exh J)	$ -	$ -	$ 60,000	$ -	$ 60,000	$ (60,000)
7110-CONFERENCE - EMPLOYEE (See Exh E)	$ -	$ -	$ 2,700	$ 2,848	$ 2,700	$ 148

Municipal Water District of Orange County (MWDOC) Biennial Budget
Detail Of Revenue Source And Expenditure By Cost Centers And Accounts
Core Fund

Cost Centers	Adopted FY25-26	Projected FY25-26	Proposed FY26-27	Proposed FY27-28	FY25-26 to FY26-27 Variance	FY26-27 to FY27-28 Variance
7150-TRAVEL/ACCOMMODATION-EMPLOYEE (See Exh E)	$ -	$ -	$ 2,900	$ 2,916	$ 2,900	$ 16
7210-MEMBERSHIP & SPONSORSHIP (See Exh D)	$ -	$ 1,344	$ 1,398	$ 1,453	$ 1,398	$ 55
7670-MISCELLANEOUS EXPENSE	$ 35,500	$ 38,000	$ 39,520	$ 41,000	$ 4,020	$ 1,480
Expenditure Total	**$ 654,774**	**$ 631,302**	**$ 731,163**	**$ 715,781**	**$ 76,389**	**$ (15,382)**
CC#19 Overhead						
Expenditure						
6010-SALARIES AND WAGES - ADMIN	$ 605,102	$ 641,758	$ 698,322	$ 768,358	$ 93,220	$ 70,036
6105-BENEFITS ADMIN	$ 180,486	$ 216,490	$ 232,060	$ 249,438	$ 51,574	$ 17,378
6109-UNFUNDED PENSION	$ 207,000	$ 207,000	$ 207,000	$ 207,000	$ -	$ -
6111-OVERHEAD REIMBURSEMENT	$ (504,105)	$ (94,640)	$ (437,856)	$ (469,044)	$ 66,249	$ (31,188)
6120-HEALTH INSURANCE FOR RETIREES	$ 122,517	$ 107,000	$ 123,710	$ 128,658	$ 1,193	$ 4,948
7040-PROFESSIONAL SERVICES (See Exh J)	$ 5,000	$ 5,000	$ 975	$ 1,014	$ (4,025)	$ 39
7310-OFFICE MAINTENANCE	$ 156,000	$ 150,000	$ 163,385	$ 169,921	$ 7,385	$ 6,536
7315-BUILDING REPAIR & MAINTENANCE	$ 57,200	$ 59,000	$ 64,381	$ 66,957	$ 7,181	$ 2,576
7320-STORAGE RENTAL AND EQUIP LEASE	$ 1,125	$ 1,000	$ 1,170	$ 1,217	$ 45	$ 47
7330-OFFICE SUPPLIES	$ 28,000	$ 25,000	$ 28,000	$ 29,120	$ -	$ 1,120
7340-POSTAGE-MAIL DELIVERY	$ 2,800	$ 1,500	$ 2,124	$ 2,209	$ (676)	$ 85
7360-REPRODUCTION EXPENSE	$ 8,500	$ 10,000	$ -	$ -	$ (8,500)	$ -
7620-INSURANCE EXPENSE	$ 233,950	$ 210,000	$ 238,426	$ 247,965	$ 4,476	$ 9,539
7640-UTILITIES-TELEPHONE	$ 46,924	$ 38,430	$ 43,675	$ 45,421	$ (3,249)	$ 1,746
7650-BANK FEES	$ 2,400	$ 100	$ 1,600	$ 1,600	$ (800)	$ -
7670-MISCELLANEOUS EXPENSE	$ 3,500	$ 3,400	$ 3,600	$ 3,744	$ 100	$ 144
8810-CAPITAL ACQUISITION	$ -	$ 7,500	$ -	$ -	$ -	$ -
8811-BUILDING EXPENSE	$ -	$ -	$ 75,000	$ -	$ 75,000	$ (75,000)
Expenditure Total	**$ 1,156,399**	**$ 1,588,538**	**$ 1,445,572**	**$ 1,453,578**	**$ 289,173**	**$ 8,006**
CC#21 Engineering & Planning						
Revenue						
4230-REIMBURSEMENTS	$ -	$ 1,222,000	$ -	$ -	$ -	$ -
Revenue Total	**$ -**	**$ 1,222,000**	**$ -**	**$ -**	**$ -**	**$ -**
Expenditure						
6010-SALARIES AND WAGES - ADMIN	$ 567,060	$ 578,842	$ 668,543	$ 737,716	$ 101,483	$ 69,173
6105-BENEFITS ADMIN	$ 161,397	$ 178,792	$ 212,993	$ 225,847	$ 51,596	$ 12,854
7010-OUTSIDE CONSULTING SERVICES (See Exh J)	$ 470,000	$ 1,607,850	$ 355,000	$ 295,000	$ (115,000)	$ (60,000)
7110-CONFERENCE - EMPLOYEE (See Exh E)	$ -	$ 1,000	$ 200	$ 208	$ 200	$ 8
7150-TRAVEL/ACCOMMODATION-EMPLOYEE (See Exh E)	$ -	$ 1,800	$ 600	$ 624	$ 600	$ 24
7210-MEMBERSHIP & SPONSORSHIP (See Exh D)	$ -	$ 13,533	$ 15,333	$ 16,406	$ 15,333	$ 1,073
7250-CDR SUPPORT	$ -	$ -	$ 77,272	$ 77,272	$ 77,272	$ -
7430-SOFTWARE PURCHASE	$ 4,900	$ -	$ -	$ -	$ (4,900)	$ -
7670-MISCELLANEOUS EXPENSE	$ 7,500	$ 2,152	$ -	$ -	$ (7,500)	$ -
Expenditure Total	**$ 1,210,857**	**$ 2,383,969**	**$ 1,329,941**	**$ 1,353,073**	**$ 119,084**	**$ 23,132**
CC#23 Metropolitan & Water Resources						
Expenditure						
6010-SALARIES AND WAGES - ADMIN	$ 377,920	$ 341,365	$ 402,286	$ 423,374	$ 24,366	$ 21,088
6105-BENEFITS ADMIN	$ 104,709	$ 115,720	$ 135,347	$ 140,872	$ 30,638	$ 5,525
7010-OUTSIDE CONSULTING SERVICES (See Exh J)	$ 100,000	$ 100,000	$ 95,000	$ 103,000	$ (5,000)	$ 8,000
7150-TRAVEL/ACCOMMODATION-EMPLOYEE (See Exh E)	$ -	$ -	$ 850	$ 884	$ 850	$ 34
7210-MEMBERSHIP & SPONSORSHIP (See Exh D)	$ -	$ 17,000	$ 17,680	$ 18,387	$ 17,680	$ 707
7670-MISCELLANEOUS EXPENSE	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ -	$ -
Expenditure Total	**$ 584,129**	**$ 575,585**	**$ 652,663**	**$ 688,017**	**$ 68,534**	**$ 35,354**
CC#24 MWDOC Contribution to WEROC						
Expenditure						
8510-MWDOCS CONTRIB TO PROGRAMS	$ 353,149	$ 353,149	$ 365,686	$ 391,347	$ 12,537	$ 25,661
Expenditure Total	**$ 353,149**	**$ 353,149**	**$ 365,686**	**$ 391,347**	**$ 12,537**	**$ 25,661**
CC#31 Government Affairs & Policy						

Municipal Water District of Orange County (MWDOC) Biennial Budget
Detail Of Revenue Source And Expenditure By Cost Centers And Accounts
Core Fund

Cost Centers	Adopted FY25-26	Projected FY25-26	Proposed FY26-27	Proposed FY27-28	FY25-26 to FY26-27 Variance	FY26-27 to FY27-28 Variance
Expenditure						
6010-SALARIES AND WAGES - ADMIN	$ 187,335	$ 150,240	$ 137,420	$ 139,604	$ (49,915)	$ 2,184
6105-BENEFITS ADMIN	$ 60,211	$ 51,314	$ 46,164	$ 46,136	$ (14,047)	$ (28)
6205-TRAINING EXPENSE (See Exh J)	$ 15,000	$ -	$ -	$ -	$ (15,000)	$ -
7040-PROFESSIONAL SERVICES (See Exh J)	$ 394,000	$ 381,000	$ 370,000	$ 370,000	$ (24,000)	$ -
7110-CONFERENCE - EMPLOYEE (See Exh E)	$ -	$ 7,230	$ 9,757	$ 8,665	$ 9,757	$ (1,092)
7150-TRAVEL/ACCOMMODATION-EMPLOYEE (See Exh E)	$ -	$ 21,807	$ 17,350	$ 17,840	$ 17,350	$ 490
7210-MEMBERSHIP & SPONSORSHIP (See Exh D)	$ 12,500	$ 86,532	$ 69,178	$ 71,883	$ 56,678	$ 2,705
7670-MISCELLANEOUS EXPENSE	$ 1,500	$ -	$ 10,000	$ 10,000	$ 8,500	$ -
Expenditure Total	**$ 670,546**	**$ 698,123**	**$ 659,869**	**$ 664,128**	**$ (10,677)**	**$ 4,259**
CC#32 Public Affairs						
Revenue						
4230-REIMBURSEMENTS	$ -	$ -	$ 33,333	$ 33,333	$ 33,333	$ -
Revenue Total	**$ -**	**$ -**	**$ 33,333**	**$ 33,333**	**$ 33,333**	**$ -**
Expenditure						
6010-SALARIES AND WAGES - ADMIN	$ 851,284	$ 871,523	$ 963,962	$ 1,027,595	$ 112,678	$ 63,633
6012-GRANT RECOVERY - SALARIES	$ (33,000)	$ (33,000)	$ -	$ -	$ 33,000	$ -
6105-BENEFITS ADMIN	$ 259,741	$ 283,383	$ 328,948	$ 347,950	$ 69,207	$ 19,002
7040-PROFESSIONAL SERVICES (See Exh J)	$ 220,000	$ 165,000	$ 170,000	$ 175,000	$ (50,000)	$ 5,000
7110-CONFERENCE - EMPLOYEE (See Exh E)	$ -	$ 2,530	$ 3,599	$ 4,634	$ 3,599	$ 1,035
7150-TRAVEL/ACCOMMODATION-EMPLOYEE (See Exh E)	$ -	$ 7,000	$ 5,750	$ 5,980	$ 5,750	$ 230
7210-MEMBERSHIP & SPONSORSHIP (See Exh D)	$ -	$ 2,688	$ 3,356	$ 2,809	$ 3,356	$ (547)
7220-EDUCATION INITIATIVE	$ 35,000	$ -	$ 45,000	$ 45,000	$ 10,000	$ -
7360-REPRODUCTION EXPENSE	$ 100,000	$ 100,000	$ 104,000	$ 109,970	$ 4,000	$ 5,970
7640-UTILITIES-TELEPHONE	$ 550	$ -	$ -	$ -	$ (550)	$ -
7670-MISCELLANEOUS EXPENSE	$ 67,400	$ 100,000	$ 26,500	$ 27,500	$ (40,900)	$ 1,000
Expenditure Total	**$ 1,500,975**	**$ 1,499,124**	**$ 1,651,115**	**$ 1,746,438**	**$ 150,140**	**$ 95,323**
CC#35 Water Use Efficiency						
Expenditure						
6010-SALARIES AND WAGES - ADMIN	$ 232,533	$ 340,842	$ 221,230	$ 233,228	$ (11,303)	$ 11,998
6105-BENEFITS ADMIN	$ 69,434	$ 109,683	$ 75,249	$ 78,689	$ 5,815	$ 3,440
7040-PROFESSIONAL SERVICES (See Exh J)	$ 215,000	$ 205,000	$ 70,000	$ 75,000	$ (145,000)	$ 5,000
7110-CONFERENCE - EMPLOYEE (See Exh E)	$ -	$ 3,000	$ 4,900	$ 5,096	$ 4,900	$ 196
7150-TRAVEL/ACCOMMODATION-EMPLOYEE (See Exh E)	$ -	$ 11,800	$ 13,420	$ 13,426	$ 13,420	$ 6
7210-MEMBERSHIP & SPONSORSHIP (See Exh D)	$ 8,550	$ 9,050	$ 9,050	$ 9,250	$ 500	$ 200
7670-MISCELLANEOUS EXPENSE	$ 6,000	$ 4,000	$ 6,000	$ 6,000	$ -	$ -
Expenditure Total	**$ 531,517**	**$ 683,375**	**$ 399,849**	**$ 420,689**	**$ (131,668)**	**$ 20,840**
CC#36 Water Loss Control						
Expenditure						
6010-SALARIES AND WAGES - ADMIN	$ -	$ 587	$ 139,289	$ 151,235	$ 139,289	$ 11,946
6105-BENEFITS ADMIN	$ -	$ 263	$ 44,167	$ 47,777	$ 44,167	$ 3,610
7040-PROFESSIONAL SERVICES (See Exh J)	$ -	$ -	$ 100,000	$ 100,000	$ 100,000	$ -
7110-CONFERENCE - EMPLOYEE (See Exh E)	$ -	$ 4,875	$ 6,600	$ 6,869	$ 6,600	$ 269
7150-TRAVEL/ACCOMMODATION-EMPLOYEE (See Exh E)	$ -	$ 7,389	$ 7,150	$ 7,436	$ 7,150	$ 286
7210-MEMBERSHIP & SPONSORSHIP (See Exh D)	$ -	$ 2,197	$ 2,285	$ 2,376	$ 2,285	$ 91
Expenditure Total	**$ -**	**$ 15,311**	**$ 299,491**	**$ 315,693**	**$ 299,491**	**$ 16,202**
CC#41 Finance						
Expenditure						
6010-SALARIES AND WAGES - ADMIN	$ 547,775	$ 573,507	$ 686,269	$ 760,952	$ 138,494	$ 74,683
6105-BENEFITS ADMIN	$ 164,353	$ 176,495	$ 215,423	$ 232,860	$ 51,070	$ 17,437
7030-AUDIT EXPENSE (See Exh J)	$ 37,445	$ 32,455	$ 38,418	$ 39,420	$ 973	$ 1,002
7040-PROFESSIONAL SERVICES (See Exh J)	$ 15,200	$ 4,000	$ 9,700	$ 11,800	$ (5,500)	$ 2,100
7110-CONFERENCE - EMPLOYEE (See Exh E)	$ -	$ -	$ -	$ 1,400	$ -	$ 1,400
7150-TRAVEL/ACCOMMODATION-EMPLOYEE (See Exh E)	$ -	$ -	$ -	$ 300	$ -	$ 300
7210-MEMBERSHIP & SPONSORSHIP (See Exh D)	$ -	$ 505	$ 510	$ 516	$ 510	$ 6

Municipal Water District of Orange County (MWDOC) Biennial Budget
Detail Of Revenue Source And Expenditure By Cost Centers And Accounts
Core Fund

Cost Centers	Adopted FY25-26	Projected FY25-26	Proposed FY26-27	Proposed FY27-28	FY25-26 to FY26-27 Variance	FY26-27 to FY27-28 Variance
7430-SOFTWARE PURCHASE	$ 120,000	$ 34,900	$ -	$ -	$ (120,000)	$ -
7440-SOFTWARE SUPPORT	$ 15,000	$ 56,600	$ -	$ -	$ (15,000)	$ -
7670-MISCELLANEOUS EXPENSE	$ 1,000	$ 1,100	$ 1,200	$ 1,200	$ 200	$ -
Expenditure Total	**$ 900,773**	**$ 879,562**	**$ 951,520**	**$ 1,048,448**	**$ 50,747**	**$ 96,928**
CC#45 Information Technology						
Expenditure						
6010-SALARIES AND WAGES - ADMIN	$ 135,124	$ 154,888	$ 157,227	$ 167,460	$ 22,103	$ 10,233
6105-BENEFITS ADMIN	$ 44,736	$ 52,536	$ 54,005	$ 57,102	$ 9,269	$ 3,097
7040-PROFESSIONAL SERVICES (See Exh J)	$ 65,000	$ 40,000	$ 69,000	$ 69,360	$ 4,000	$ 360
7210-MEMBERSHIP & SPONSORSHIP (See Exh D)	$ -	$ 742	$ 771	$ 803	$ 771	$ 32
7410-COMPUTER AND PERIPHERALS MAINT	$ 15,850	$ 13,000	$ 15,300	$ 16,853	$ (550)	$ 1,553
7430-SOFTWARE PURCHASE	$ 144,411	$ 120,000	$ 228,543	$ 241,259	$ 84,132	$ 12,716
7440-SOFTWARE SUPPORT	$ 5,000	$ 3,000	$ 3,600	$ 3,800	$ (1,400)	$ 200
7450-COMPUTERS AND EQUIPMENT	$ 45,250	$ 30,000	$ 12,750	$ 12,750	$ (32,500)	$ -
7670-MISCELLANEOUS EXPENSE	$ 1,500	$ 1,000	$ 2,000	$ 2,000	$ 500	$ -
8810-CAPITAL ACQUISITION	$ 25,000	$ -	$ -	$ -	$ (25,000)	$ -
Expenditure Total	**$ 481,871**	**$ 415,166**	**$ 543,196**	**$ 571,387**	**$ 61,325**	**$ 28,191**
Grand Total	**$ (1,352)**	**$ 25,648**	**$ 54,763**	**$ (59,401)**	**$ 56,115**	**$ (114,164)**

Municipal Water District of Orange County (MWDOC) Biennial Budget
Detail Of Revenue Source And Expenditure By Cost Centers And Accounts
Choice Fund

Cost Centers	Adopted FY25-26	Projected FY25-26	Proposed FY26-27	Proposed FY27-28	FY25-26 to FY26-27 Variance	FY26-27 to FY27-28 Variance
CC#61 AMP Administration						
Revenue						
4705-PRIOR YEAR CARRYOVER	$ 944	$ 3	$ -	$ -	$ (944)	$ -
Revenue Total	**$ 944**	**$ 3**	**$ -**	**$ -**	**$ (944)**	**$ -**
Expenditure						
6010-SALARIES AND WAGES - ADMIN	$ 745	$ -	$ -	$ -	$ (745)	$ -
6105-BENEFITS ADMIN	$ 199	$ 3	$ -	$ -	$ (199)	$ -
Expenditure Total	**$ 944**	**$ 3**	**$ -**	**$ -**	**$ (944)**	**$ -**
CC#62 Water Use Efficiency (Choice)						
Revenue						
4215-CHOICE REVENUE	$ 1,183,382	$ 1,065,370	$ 945,996	$ 990,151	$ (237,386)	$ 44,155
Revenue Total	**$ 1,183,382**	**$ 1,065,370**	**$ 945,996**	**$ 990,151**	**$ (237,386)**	**$ 44,155**
Expenditure						
6010-SALARIES AND WAGES - ADMIN	$ 579,176	$ 517,245	$ 441,834	$ 475,195	$ (137,342)	$ 33,361
6012-GRANT RECOVERY - SALARIES	$ (15,000)	$ (6,578)	$ -	$ -	$ 15,000	$ -
6105-BENEFITS ADMIN	$ 149,585	$ 134,093	$ 106,110	$ 113,783	$ (43,475)	$ 7,673
6111-OVERHEAD REIMBURSEMENT	$ 322,961	$ 287,630	$ 241,972	$ 260,093	$ (80,989)	$ 18,121
7040-PROFESSIONAL SERVICES (See Exh J)	$ 139,530	$ 130,000	$ 149,100	$ 134,100	$ 9,570	$ (15,000)
7340-POSTAGE-MAIL DELIVERY	$ 650	$ 500	$ 500	$ 500	$ (150)	$ -
7640-UTILITIES-TELEPHONE	$ 480	$ 480	$ 480	$ 480	$ -	$ -
7670-MISCELLANEOUS EXPENSE	$ 6,000	$ 2,000	$ 6,000	$ 6,000	$ -	$ -
Expenditure Total	**$ 1,183,382**	**$ 1,065,370**	**$ 945,996**	**$ 990,151**	**$ (237,386)**	**$ 44,155**
CC#63 School Program (Choice)						
Revenue						
4215-CHOICE REVENUE	$ 504,809	$ 377,789	$ 525,029	$ 542,643	$ 20,220	$ 17,614
Revenue Total	**$ 504,809**	**$ 377,789**	**$ 525,029**	**$ 542,643**	**$ 20,220**	**$ 17,614**
Expenditure						
6010-SALARIES AND WAGES - ADMIN	$ 8,815	$ 9,253	$ 10,511	$ 11,757	$ 1,696	$ 1,246
6105-BENEFITS ADMIN	$ 3,069	$ 3,236	$ 3,832	$ 4,262	$ 763	$ 430
6111-OVERHEAD REIMBURSEMENT	$ 5,267	$ -	$ 6,334	$ 7,074	$ 1,067	$ 740
7040-PROFESSIONAL SERVICES (See Exh J)	$ 487,658	$ 365,300	$ 504,352	$ 519,550	$ 16,694	$ 15,198
Expenditure Total	**$ 504,809**	**$ 377,789**	**$ 525,029**	**$ 542,643**	**$ 20,220**	**$ 17,614**
CC#70 Water Loss Control (Choice)						
Revenue						
4215-CHOICE REVENUE	$ 369,444	$ 281,060	$ 1,121,329	$ 1,172,610	$ 751,885	$ 51,281
4305-REVENUE FROM MWD	$ 312,321	$ 252,011	$ 248,355	$ 248,355	$ (63,966)	$ -
Revenue Total	**$ 681,765**	**$ 533,071**	**$ 1,369,684**	**$ 1,420,965**	**$ 687,919**	**$ 51,281**
Expenditure						
6010-SALARIES AND WAGES - ADMIN	$ 300,762	$ 236,569	$ 334,804	$ 357,009	$ 34,042	$ 22,205
6105-BENEFITS ADMIN	$ 96,104	$ 72,958	$ 94,430	$ 100,139	$ (1,674)	$ 5,709
6111-OVERHEAD REIMBURSEMENT	$ 175,877	$ 136,687	$ 189,550	$ 201,877	$ 13,673	$ 12,327
6205-TRAINING EXPENSE (See Exh J)	$ 2,000	$ 2,200	$ 2,000	$ 2,000	$ -	$ -
7040-PROFESSIONAL SERVICES (See Exh J)	$ 83,270	$ 60,000	$ 720,000	$ 730,000	$ 636,730	$ 10,000
7332-SUPPLIES - WATER LOSS CONTROL	$ 4,000	$ 3,400	$ 4,000	$ 4,500	$ -	$ 500
7430-SOFTWARE PURCHASE	$ 2,420	$ 2,200	$ 3,200	$ 3,200	$ 780	$ -
7610-AUTOMOTIVE EXPENSE-MILEAGE	$ 100	$ 100	$ 100	$ 120	$ -	$ 20
7612-VEHICLE EXPENSE	$ 10,000	$ 10,000	$ 12,000	$ 12,000	$ 2,000	$ -
7615-TOLL ROAD CHARGES	$ 400	$ 1,500	$ 2,000	$ 2,000	$ 1,600	$ -
7620-INSURANCE EXPENSE	$ 200	$ 177	$ 200	$ 220	$ -	$ 20
7640-UTILITIES-TELEPHONE	$ 1,632	$ 2,280	$ 2,400	$ 2,400	$ 768	$ -
7670-MISCELLANEOUS EXPENSE	$ 5,000	$ 5,000	$ 5,000	$ 5,500	$ -	$ 500
Expenditure Total	**$ 681,765**	**$ 533,071**	**$ 1,369,684**	**$ 1,420,965**	**$ 687,919**	**$ 51,281**
CC#71 Engineering (Choice)						
Revenue						
4230-REIMBURSEMENTS	$ -	$ -	$ 203,000	$ 215,667	$ 203,000	$ 12,667

Municipal Water District of Orange County (MWDOC) Biennial Budget
Detail Of Revenue Source And Expenditure By Cost Centers And Accounts
Choice Fund

Cost Centers	Adopted FY25-26	Projected FY25-26	Proposed FY26-27	Proposed FY27-28	FY25-26 to FY26-27 Variance	FY26-27 to FY27-28 Variance
Revenue Total	**$ -**	**$ -**	**$ 203,000**	**$ 215,667**	**$ 203,000**	**$ 12,667**
Expenditure						
7040-PROFESSIONAL SERVICES (See Exh J)	$ -	$ -	$ 203,000	$ 215,667	$ 203,000	$ 12,667
Expenditure Total	**$ -**	**$ -**	**$ 203,000**	**$ 215,667**	**$ 203,000**	**$ 12,667**
Grand Total	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Municipal Water District of Orange County (MWDOC) Biennial Budget
Detail Of Revenue Source And Expenditure By Cost Centers And Accounts
WEROC Fund

Cost Centers	Adopted FY25-26	Projected FY25-26	Proposed FY26-27	Proposed FY27-28	FY25-26 to FY26-27 Variance	FY26-27 to FY27-28 Variance
CC#25 WEROC						
Revenue						
4210-WEROC CONTRACTS	$ 353,149	$ 353,149	$ 365,686	$ 391,347	$ 12,537	$ 25,661
4320-REVENUE FROM MWDOC	$ 353,149	$ 378,687	$ 365,686	$ 391,347	$ 12,537	$ 25,661
4350-REVENUE - OTHER	$ 4,700	$ 4,700	$ -	$ -	$ (4,700)	$ -
Revenue Total	**$ 710,998**	**$ 736,536**	**$ 731,372**	**$ 782,694**	**$ 20,374**	**$ 51,322**
Expenditure						
6010-SALARIES AND WAGES - ADMIN	$ 492,542	$ 520,127	$ 491,465	$ 524,498	$ (1,077)	$ 33,033
6105-BENEFITS ADMIN	$ 153,706	$ 195,209	$ 183,757	$ 193,896	$ 30,051	$ 10,139
6205-TRAINING EXPENSE (See Exh J)	$ 6,000	$ -	$ 6,000	$ 6,000	$ -	$ -
7040-PROFESSIONAL SERVICES (See Exh J)	$ -	$ -	$ -	$ 5,000	$ -	$ 5,000
7110-CONFERENCE - EMPLOYEE (See Exh E)	$ 6,430	$ 6,580	$ 6,600	$ 4,250	$ 170	$ (2,350)
7150-TRAVEL/ACCOMMODATION-EMPLOYEE (See Exh E)	$ 17,770	$ 17,770	$ 11,250	$ 13,200	$ (6,520)	$ 1,950
7210-MEMBERSHIP & SPONSORSHIP (See Exh D)	$ 1,450	$ 950	$ 950	$ 950	$ (500)	$ -
7330-OFFICE SUPPLIES	$ 750	$ -	$ 500	$ 500	$ (250)	$ -
7410-COMPUTER AND PERIPHERALS MAINT	$ 2,000	$ -	$ 2,000	$ 2,000	$ -	$ -
7440-SOFTWARE SUPPORT	$ 12,000	$ -	$ 13,500	$ 14,800	$ 1,500	$ 1,300
7510-SITE MAINTENANCE	$ 350	$ -	$ 350	$ 350	$ -	$ -
7580-MAINTENANCE EXPENSE	$ 1,000	$ -	$ 500	$ 500	$ (500)	$ -
7581-MAINTENANCE - COMMUNICATIONS	$ 3,000	$ -	$ 3,500	$ 3,750	$ 500	$ 250
7582-MAINTENANCE - EOC	$ 1,500	$ -	$ 1,500	$ 1,500	$ -	$ -
7610-AUTOMOTIVE EXPENSE-MILEAGE	$ 500	$ -	$ 1,000	$ 1,000	$ 500	$ -
7640-UTILITIES-TELEPHONE	$ 6,000	$ -	$ 3,500	$ 3,500	$ (2,500)	$ -
7670-MISCELLANEOUS EXPENSE	$ 4,000	$ -	$ 3,000	$ 3,000	$ (1,000)	$ -
7671-MISCELLANEOUS - TRAINING	$ 2,000	$ -	$ 2,000	$ 4,000	$ -	$ 2,000
Expenditure Total	**$ 710,998**	**$ 740,636**	**$ 731,372**	**$ 782,694**	**$ 20,374**	**$ 51,322**
CC#25 WEROC Total	**$ -**	**$ (4,100)**	**$ -**	**$ -**	**$ -**	**$ -**
Grand Total	**$ -**	**$ (4,100)**	**$ -**	**$ -**	**$ -**	**$ -**

Municipal Water District of Orange County (MWDOC) Biennial Budget

FY25/26 Consolidated Budget Summary

**Choice Funds Column includes AMP Proceeds Agreement Administration

	Core Fund	Choice Fund	Water Fund	Water Use Efficiency Program Grant	WEROC Fund	Total
Revenue						
4005-LOCAL RESOURCE PROGRAM INCENTIVES			$ (3,840,576)			$ (3,840,576)
4005-WATER SALES			$ 179,332,825			$ 179,332,825
4030-READINESS TO SERVE CHRGE-SALES			$ 16,934,350			$ 16,934,350
4041-CAPACITY CHARGE (CCF) REVENUE			$ 4,624,125			$ 4,624,125
4050-RETAIL CONNECTION CHARGE (See Exh C)	$ 9,939,371					$ 9,939,371
4055-GROUND WATER CUSTOMER CHARGE	$ 414,371					$ 414,371
4090-SCP/SAC PIPELINE SURCHARGE			$ 443,000			$ 443,000
4105-INTEREST REVENUE	$ 916,000					$ 916,000
4210-WEROC CONTRACTS					$ 353,149	$ 353,149
4215-CHOICE REVENUE		$ 2,057,635				$ 2,057,635
4230-REIMBURSEMENTS	$ -	$ -				$ -
4240-MISCELLANEOUS INCOME	$ 5,000					$ 5,000
4305-REVENUE FROM MWD		$ 312,321		$ 5,861,960		$ 6,174,281
4320-REVENUE FROM MWDOC					$ 353,149	$ 353,149
4340-REVENUE - MEMBER AGENCIES				$ 1,572,525		$ 1,572,525
4350-REVENUE - OTHER					$ 4,700	$ 4,700
4405-GRANTS FROM USBR				$ 519,051		$ 519,051
4410-DEPARTMENT OF WATER RESOURCES				$ 395,962		$ 395,962
4705-PRIOR YEAR CARRYOVER	$ -	$ 944				$ 944
4XXX-REIMB FROM OPEB RESERVE/115 TRUST	$ 122,517					$ 122,517
Revenue Total	**$ 11,397,259**	**$ 2,370,900**	**$ 197,493,724**	**$ 8,349,498**	**$ 710,998**	**$ 220,322,379**
Expenditure						
1215-CONSULTANT ADMINISTRATION				$ 1,222,638		$ 1,222,638
1225-INSTALLATION VERIFICATION				$ 121,353		$ 121,353
1230-REBATE INCENTIVES				$ 6,935,507		$ 6,935,507
1235-SURVEYS AND AUDITS				$ 70,000		$ 70,000
5110-LOCAL RESOURCE PROGRAM INCENTIVES			$ (3,840,576)			$ (3,840,576)
5110-WATER PURCHASES - MET			$ 179,332,825			$ 179,332,825
5230-READINESS TO SERVE CHRGE-PURCH			$ 16,934,350			$ 16,934,350
5241-CAPACITY CHARGE (CCF)			$ 4,624,125			$ 4,624,125
5290-SCP/SAC PIPELINE SURCHARGE			$ 443,000			$ 443,000
6010-SALARIES AND WAGES - ADMIN	$ 4,952,736	$ 889,498			$ 492,542	$ 6,334,776
6012-GRANT RECOVERY - SALARIES	$ (33,000)	$ (15,000)				$ (48,000)
6090-DIRECTORS COMPENSATION - MWDOC	$ 281,917					$ 281,917
6095-DIRECTORS COMPENSATION-MET	$ 161,096					$ 161,096
6105-BENEFITS ADMIN	$ 1,525,517	$ 248,957			$ 153,706	$ 1,928,180
6109-UNFUNDED PENSION	$ 207,000					$ 207,000
6111-OVERHEAD REIMBURSEMENT	$ (504,105)	$ 504,105				$ -
6115-DIRECTORS BENEFITS	$ 158,371					$ 158,371
6120-HEALTH INSURANCE FOR RETIREES	$ 122,517					$ 122,517
6205-TRAINING EXPENSE (See Exh J)	$ 82,445	$ 2,000			$ 6,000	$ 90,445
6210-TUITION REIMBURSEMENT	$ 6,500					$ 6,500
6220-TEMPORARY HELP EXPENSE	$ 5,000					$ 5,000
7010-OUTSIDE CONSULTING SERVICES (See Exh J)	$ 570,000					$ 570,000
7020-LEGAL EXPENSE (See Exh J)	$ 260,000					$ 260,000
7030-AUDIT EXPENSE (See Exh J)	$ 37,445					$ 37,445
7040-PROFESSIONAL SERVICES (See Exh J)	$ 914,200	$ 710,458			$ -	$ 1,624,658
7110-CONFERENCE - EMPLOYEE (See Exh E)	$ 42,497				$ 6,430	$ 48,927
7115-CONFERENCE EXPENSE-DIRECTOR (See Exh F)	$ 17,155					$ 17,155
7150-TRAVEL/ACCOMMODATION-EMPLOYEE (See Exh E)	$ 85,900				$ 17,770	$ 103,670
7155-TRAVEL/ACCOMMODATION-DIRECTOR (See Exh F)	$ 36,625					$ 36,625
7210-MEMBERSHIP & SPONSORSHIP (See Exh D)	$ 221,386				$ 1,450	$ 222,836
7220-EDUCATION INITIATIVE	$ 35,000					$ 35,000
7250-CDR SUPPORT	$ 72,650					$ 72,650
7305-BUSINESS EXPENSE	$ 5,500					$ 5,500
7310-OFFICE MAINTENANCE	$ 156,000					$ 156,000
7315-BUILDING REPAIR & MAINTENANCE	$ 57,200					$ 57,200
7320-STORAGE RENTAL AND EQUIP LEASE	$ 1,125					$ 1,125

Municipal Water District of Orange County (MWDOC) Biennial Budget

FY25/26 Consolidated Budget Summary

**Choice Funds Column includes AMP Proceeds Agreement Administration

	Core Fund	Choice Fund	Water Fund	Water Use Efficiency Program Grant	WEROC Fund	Total
7330-OFFICE SUPPLIES	$ 28,000				$ 750	$ 28,750
7332-SUPPLIES - WATER LOSS CONTROL		$ 4,000				$ 4,000
7340-POSTAGE-MAIL DELIVERY	$ 8,800	$ 650				$ 9,450
7350-SUBSCRIPTIONS-BOOKS	$ 10,000					$ 10,000
7360-REPRODUCTION EXPENSE	$ 108,500					$ 108,500
7410-COMPUTER AND PERIPHERALS MAINT	$ 15,850				$ 2,000	$ 17,850
7430-SOFTWARE PURCHASE	$ 269,311	$ 2,420				$ 271,731
7440-SOFTWARE SUPPORT	$ 20,000				$ 12,000	$ 32,000
7450-COMPUTERS AND EQUIPMENT	$ 45,250					$ 45,250
7510-SITE MAINTENANCE					$ 350	$ 350
7580-MAINTENANCE EXPENSE					$ 1,000	$ 1,000
7581-MAINTENANCE - COMMUNICATIONS					$ 3,000	$ 3,000
7582-MAINTENANCE - EOC					$ 1,500	$ 1,500
7610-AUTOMOTIVE EXPENSE-MILEAGE	$ 11,500	$ 100			$ 500	$ 12,100
7612-VEHICLE EXPENSE		$ 10,000				$ 10,000
7615-TOLL ROAD CHARGES	$ 550	$ 400				$ 950
7620-INSURANCE EXPENSE	$ 233,950	$ 200				$ 234,150
7640-UTILITIES-TELEPHONE	$ 47,474	$ 2,112			$ 6,000	$ 55,586
7650-BANK FEES	$ 2,400					$ 2,400
7670-MISCELLANEOUS EXPENSE	$ 135,200	$ 11,000			$ 4,000	$ 150,200
7671-MISCELLANEOUS - TRAINING					$ 2,000	$ 2,000
8510-MWDOCS CONTRIB TO PROGRAMS	$ 353,149					$ 353,149
8710-ELECTION EXPENSES	$ 605,000					$ 605,000
8810-CAPITAL ACQUISITION	$ 25,000					$ 25,000
8811-BUILDING EXPENSE	$ -					$ -
Expenditure Total	**$ 11,398,611**	**$ 2,370,900**	**$ 197,493,724**	**$ 8,349,498**	**$ 710,998**	**$ 220,323,731**
Total	**$ (1,352)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ (1,352)**

Municipal Water District of Orange County (MWDOC) Biennial Budget

FY26/27 Consolidated Budget Summary

**Choice Funds Column includes AMP Proceeds Agreement Administration

	Core Fund	Choice Fund	Water Fund	Water Use Efficiency Program Grant	WEROC Fund	Total
Revenue						
4005-LOCAL RESOURCE PROGRAM INCENTIVES			$ (2,872,750)			$ (2,872,750)
4005-WATER SALES			$ 162,834,152			$ 162,834,152
4030-READINESS TO SERVE CHRGE-SALES			$ 17,654,354			$ 17,654,354
4041-CAPACITY CHARGE (CCF) REVENUE			$ 4,230,450			$ 4,230,450
4050-RETAIL CONNECTION CHARGE (See Exh C)	$ 10,278,727					$ 10,278,727
4055-GROUND WATER CUSTOMER CHARGE	$ 427,658					$ 427,658
4090-SCP/SAC PIPELINE SURCHARGE			$ 460,720			$ 460,720
4105-INTEREST REVENUE	$ 962,952					$ 962,952
4210-WEROC CONTRACTS					$ 365,686	$ 365,686
4215-CHOICE REVENUE		$ 2,592,354				$ 2,592,354
4230-REIMBURSEMENTS	$ 33,333	$ 203,000				$ 236,333
4240-MISCELLANEOUS INCOME	$ 5,000					$ 5,000
4305-REVENUE FROM MWD		$ 248,355		$ 5,476,000		$ 5,724,355
4320-REVENUE FROM MWDOC					$ 365,686	$ 365,686
4340-REVENUE - MEMBER AGENCIES				$ 756,804		$ 756,804
4350-REVENUE - OTHER					$ -	$ -
4405-GRANTS FROM USBR				$ 321,936		$ 321,936
4410-DEPARTMENT OF WATER RESOURCES				$ 387,775		$ 387,775
4705-PRIOR YEAR CARRYOVER	$ 195,380	$ -				$ 195,380
4XXX-REIMB FROM OPEB RESERVE/115 TRUST	$ 123,710					$ 123,710
Revenue Total	**$ 12,026,760**	**$ 3,043,709**	**$ 182,306,926**	**$ 6,942,515**	**$ 731,372**	**$ 205,051,282**
Expenditure						
1215-CONSULTANT ADMINISTRATION				$ 534,744		$ 534,744
1225-INSTALLATION VERIFICATION				$ 74,000		$ 74,000
1230-REBATE INCENTIVES				$ 6,235,996		$ 6,235,996
1235-SURVEYS AND AUDITS				$ 97,775		$ 97,775
5110-LOCAL RESOURCE PROGRAM INCENTIVES			$ (2,872,750)			$ (2,872,750)
5110-WATER PURCHASES - MET			$ 162,834,152			$ 162,834,152
5230-READINESS TO SERVE CHRGE-PURCH			$ 17,654,354			$ 17,654,354
5241-CAPACITY CHARGE (CCF)			$ 4,230,450			$ 4,230,450
5290-SCP/SAC PIPELINE SURCHARGE			$ 460,720			$ 460,720
6010-SALARIES AND WAGES - ADMIN	$ 5,351,613	$ 787,149			$ 491,465	$ 6,630,227
6012-GRANT RECOVERY - SALARIES	$ -	$ -				$ -
6090-DIRECTORS COMPENSATION - MWDOC	$ 290,942					$ 290,942
6095-DIRECTORS COMPENSATION-MET	$ 166,253					$ 166,253
6105-BENEFITS ADMIN	$ 1,804,911	$ 204,372			$ 183,757	$ 2,193,040
6109-UNFUNDED PENSION	$ 207,000					$ 207,000
6111-OVERHEAD REIMBURSEMENT	$ (437,856)	$ 437,856				$ -
6115-DIRECTORS BENEFITS	$ 178,489					$ 178,489
6120-HEALTH INSURANCE FOR RETIREES	$ 123,710					$ 123,710
6205-TRAINING EXPENSE (See Exh J)	$ 56,500	$ 2,000			$ 6,000	$ 64,500
6210-TUITION REIMBURSEMENT	$ 6,900					$ 6,900
6220-TEMPORARY HELP EXPENSE	$ 5,000					$ 5,000
7010-OUTSIDE CONSULTING SERVICES (See Exh J)	$ 450,000					$ 450,000
7020-LEGAL EXPENSE (See Exh J)	$ 257,040					$ 257,040
7030-AUDIT EXPENSE (See Exh J)	$ 38,418					$ 38,418
7040-PROFESSIONAL SERVICES (See Exh J)	$ 870,675	$ 1,576,452			$ -	$ 2,447,127
7110-CONFERENCE - EMPLOYEE (See Exh E)	$ 46,111				$ 6,600	$ 52,711
7115-CONFERENCE EXPENSE-DIRECTOR (See Exh F)	$ 21,784					$ 21,784
7150-TRAVEL/ACCOMMODATION-EMPLOYEE (See Exh E)	$ 75,620				$ 11,250	$ 86,870
7155-TRAVEL/ACCOMMODATION-DIRECTOR (See Exh F)	$ 31,400					$ 31,400
7210-MEMBERSHIP & SPONSORSHIP (See Exh D)	$ 213,352				$ 950	$ 214,302
7220-EDUCATION INITIATIVE	$ 45,000					$ 45,000
7250-CDR SUPPORT	$ 77,272					$ 77,272
7305-BUSINESS EXPENSE	$ 5,720					$ 5,720
7310-OFFICE MAINTENANCE	$ 163,385					$ 163,385
7315-BUILDING REPAIR & MAINTENANCE	$ 64,381					$ 64,381
7320-STORAGE RENTAL AND EQUIP LEASE	$ 1,170					$ 1,170

Municipal Water District of Orange County (MWDOC) Biennial Budget

FY26/27 Consolidated Budget Summary

**Choice Funds Column includes AMP Proceeds Agreement Administration

	Core Fund	Choice Fund	Water Fund	Water Use Efficiency Program Grant	WEROC Fund	Total
7330-OFFICE SUPPLIES	$ 28,000				$ 500	$ 28,500
7332-SUPPLIES - WATER LOSS CONTROL		$ 4,000				$ 4,000
7340-POSTAGE-MAIL DELIVERY	$ 8,124	$ 500				$ 8,624
7350-SUBSCRIPTIONS-BOOKS	$ 6,500					$ 6,500
7360-REPRODUCTION EXPENSE	$ 104,000					$ 104,000
7410-COMPUTER AND PERIPHERALS MAINT	$ 15,300				$ 2,000	$ 17,300
7430-SOFTWARE PURCHASE	$ 228,543	$ 3,200				$ 231,743
7440-SOFTWARE SUPPORT	$ 3,600				$ 13,500	$ 17,100
7450-COMPUTERS AND EQUIPMENT	$ 12,750					$ 12,750
7510-SITE MAINTENANCE					$ 350	$ 350
7580-MAINTENANCE EXPENSE					$ 500	$ 500
7581-MAINTENANCE - COMMUNICATIONS					$ 3,500	$ 3,500
7582-MAINTENANCE - EOC					$ 1,500	$ 1,500
7610-AUTOMOTIVE EXPENSE-MILEAGE	$ 11,500	$ 100			$ 1,000	$ 12,600
7612-VEHICLE EXPENSE		$ 12,000				$ 12,000
7615-TOLL ROAD CHARGES	$ 550	$ 2,000				$ 2,550
7620-INSURANCE EXPENSE	$ 238,426	$ 200				$ 238,626
7640-UTILITIES-TELEPHONE	$ 43,675	$ 2,880			$ 3,500	$ 50,055
7650-BANK FEES	$ 1,600					$ 1,600
7670-MISCELLANEOUS EXPENSE	$ 100,620	$ 11,000			$ 3,000	$ 114,620
7671-MISCELLANEOUS - TRAINING					$ 2,000	$ 2,000
8510-MWDOCS CONTRIB TO PROGRAMS	$ 399,019					$ 399,019
8710-ELECTION EXPENSES	$ 580,000					$ 580,000
8810-CAPITAL ACQUISITION	$ -					$ -
8811-BUILDING EXPENSE	$ 75,000					$ 75,000
Expenditure Total	**$ 11,971,997**	**$ 3,043,709**	**$ 182,306,926**	**$ 6,942,515**	**$ 731,372**	**$ 204,996,519**
Total	**$ 54,763**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 54,763**

Municipal Water District of Orange County (MWDOC) Biennial Budget

FY27/28 Consolidated Budget Summary

**Choice Funds Column includes AMP Proceeds Agreement Administration

	Core Fund	Choice Fund	Water Fund	Water Use Efficiency Program Grant	WEROC Fund	Total
Revenue						
4005-LOCAL RESOURCE PROGRAM INCENTIVES			$ (2,987,660)			$ (2,987,660)
4005-WATER SALES			$ 183,136,328			$ 183,136,328
4030-READINESS TO SERVE CHRGE-SALES			$ 18,360,528			$ 18,360,528
4041-CAPACITY CHARGE (CCF) REVENUE			$ 4,399,668			$ 4,399,668
4050-RETAIL CONNECTION CHARGE (See Exh C)	$ 10,686,812					$ 10,686,812
4055-GROUND WATER CUSTOMER CHARGE	$ 441,989					$ 441,989
4090-SCP/SAC PIPELINE SURCHARGE			$ 479,149			$ 479,149
4105-INTEREST REVENUE	$ 810,785					$ 810,785
4210-WEROC CONTRACTS					$ 391,347	$ 391,347
4215-CHOICE REVENUE		$ 2,705,404				$ 2,705,404
4230-REIMBURSEMENTS	$ 33,333	$ 215,667				$ 249,000
4240-MISCELLANEOUS INCOME	$ 5,000					$ 5,000
4305-REVENUE FROM MWD		$ 248,355		$ 5,547,000		$ 5,795,355
4320-REVENUE FROM MWDOC					$ 391,347	$ 391,347
4340-REVENUE - MEMBER AGENCIES				$ 424,812		$ 424,812
4350-REVENUE - OTHER					$ -	$ -
4405-GRANTS FROM USBR				$ 58,750		$ 58,750
4410-DEPARTMENT OF WATER RESOURCES				$ 205,000		$ 205,000
4705-PRIOR YEAR CARRYOVER	$ 54,763	$ -				$ 54,763
4XXX-REIMB FROM OPEB RESERVE/115 TRUST	$ 128,658					$ 128,658
Revenue Total	**$ 12,161,340**	**$ 3,169,426**	**$ 203,388,013**	**$ 6,235,562**	**$ 782,694**	**$ 225,737,035**
Expenditure						
1215-CONSULTANT ADMINISTRATION				$ 129,246		$ 129,246
1225-INSTALLATION VERIFICATION				$ 53,000		$ 53,000
1230-REBATE INCENTIVES				$ 5,978,316		$ 5,978,316
1235-SURVEYS AND AUDITS				$ 75,000		$ 75,000
5110-LOCAL RESOURCE PROGRAM INCENTIVES			$ (2,987,660)			$ (2,987,660)
5110-WATER PURCHASES - MET			$ 183,136,328			$ 183,136,328
5230-READINESS TO SERVE CHRGE-PURCH			$ 18,360,528			$ 18,360,528
5241-CAPACITY CHARGE (CCF)			$ 4,399,668			$ 4,399,668
5290-SCP/SAC PIPELINE SURCHARGE			$ 479,149			$ 479,149
6010-SALARIES AND WAGES - ADMIN	$ 5,750,566	$ 843,961			$ 524,498	$ 7,119,025
6012-GRANT RECOVERY - SALARIES	$ -	$ -				$ -
6090-DIRECTORS COMPENSATION - MWDOC	$ 300,923					$ 300,923
6095-DIRECTORS COMPENSATION-MET	$ 171,956					$ 171,956
6105-BENEFITS ADMIN	$ 1,892,367	$ 218,184			$ 193,896	$ 2,304,447
6109-UNFUNDED PENSION	$ 207,000					$ 207,000
6111-OVERHEAD REIMBURSEMENT	$ (469,044)	$ 469,044				$ -
6115-DIRECTORS BENEFITS	$ 188,908					$ 188,908
6120-HEALTH INSURANCE FOR RETIREES	$ 128,658					$ 128,658
6205-TRAINING EXPENSE (See Exh J)	$ 58,500	$ 2,000			$ 6,000	$ 66,500
6210-TUITION REIMBURSEMENT	$ 7,100					$ 7,100
6220-TEMPORARY HELP EXPENSE	$ 5,000					$ 5,000
7010-OUTSIDE CONSULTING SERVICES (See Exh J)	$ 398,000					$ 398,000
7020-LEGAL EXPENSE (See Exh J)	$ 263,121					$ 263,121
7030-AUDIT EXPENSE (See Exh J)	$ 39,420					$ 39,420
7040-PROFESSIONAL SERVICES (See Exh J)	$ 824,014	$ 1,599,317			$ 5,000	$ 2,428,331
7110-CONFERENCE - EMPLOYEE (See Exh E)	$ 48,570				$ 4,250	$ 52,820
7115-CONFERENCE EXPENSE-DIRECTOR (See Exh F)	$ 22,617					$ 22,617
7150-TRAVEL/ACCOMMODATION-EMPLOYEE (See Exh E)	$ 77,826				$ 13,200	$ 91,026
7155-TRAVEL/ACCOMMODATION-DIRECTOR (See Exh F)	$ 32,536					$ 32,536
7210-MEMBERSHIP & SPONSORSHIP (See Exh D)	$ 221,864				$ 950	$ 222,814
7220-EDUCATION INITIATIVE	$ 45,000					$ 45,000
7250-CDR SUPPORT	$ 77,272					$ 77,272
7305-BUSINESS EXPENSE	$ 5,949					$ 5,949
7310-OFFICE MAINTENANCE	$ 169,921					$ 169,921
7315-BUILDING REPAIR & MAINTENANCE	$ 66,957					$ 66,957
7320-STORAGE RENTAL AND EQUIP LEASE	$ 1,217					$ 1,217

Municipal Water District of Orange County (MWDOC) Biennial Budget

FY27/28 Consolidated Budget Summary

**Choice Funds Column includes AMP Proceeds Agreement Administration

	Core Fund	Choice Fund	Water Fund	Water Use Efficiency Program Grant	WEROC Fund	Total
7330-OFFICE SUPPLIES	$ 29,120				$ 500	$ 29,620
7332-SUPPLIES - WATER LOSS CONTROL		$ 4,500				$ 4,500
7340-POSTAGE-MAIL DELIVERY	$ 8,209	$ 500				$ 8,709
7350-SUBSCRIPTIONS-BOOKS	$ 6,760					$ 6,760
7360-REPRODUCTION EXPENSE	$ 109,970					$ 109,970
7410-COMPUTER AND PERIPHERALS MAINT	$ 16,853				$ 2,000	$ 18,853
7430-SOFTWARE PURCHASE	$ 241,259	$ 3,200				$ 244,459
7440-SOFTWARE SUPPORT	$ 3,800				$ 14,800	$ 18,600
7450-COMPUTERS AND EQUIPMENT	$ 12,750					$ 12,750
7510-SITE MAINTENANCE					$ 350	$ 350
7580-MAINTENANCE EXPENSE					$ 500	$ 500
7581-MAINTENANCE - COMMUNICATIONS					$ 3,750	$ 3,750
7582-MAINTENANCE - EOC					$ 1,500	$ 1,500
7610-AUTOMOTIVE EXPENSE-MILEAGE	$ 11,680	$ 120			$ 1,000	$ 12,800
7612-VEHICLE EXPENSE		$ 12,000				$ 12,000
7615-TOLL ROAD CHARGES	$ 560	$ 2,000				$ 2,560
7620-INSURANCE EXPENSE	$ 247,965	$ 220				$ 248,185
7640-UTILITIES-TELEPHONE	$ 45,421	$ 2,880			$ 3,500	$ 51,801
7650-BANK FEES	$ 1,600					$ 1,600
7670-MISCELLANEOUS EXPENSE	$ 103,896	$ 11,500			$ 3,000	$ 118,396
7671-MISCELLANEOUS - TRAINING					$ 4,000	$ 4,000
8510-MWDOCS CONTRIB TO PROGRAMS	$ 424,680					$ 424,680
8710-ELECTION EXPENSES	$ 420,000					$ 420,000
8810-CAPITAL ACQUISITION	$ -					$ -
8811-BUILDING EXPENSE	$ -					$ -
Expenditure Total	**$ 12,220,741**	**$ 3,169,426**	**$ 203,388,013**	**$ 6,235,562**	**$ 782,694**	**$ 225,796,436**
Total	**$ (59,401)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ (59,401)**



MWDOC FY 2026-27 & 2027-28 Budget

2nd Draft Budget

Administration & Finance Committee

Budget Presentation Agenda

- MWDOC Budget Schedule
- MWDOC Budget Overview
- Items Incorporated in 2nd Draft
- Additional Information Requests
- Items Not Incorporated in 2nd Draft
- Discussion & Direction for 3rd Draft

MWDOC FY 2026-27 & 2027-28 Budget - Schedule

January 2026

- ☑ Request for Member Agencies' preliminary indication of participation in Choice programs

February 2026

- ☑ 1st Draft Budget @ A&F Committee (2-11)
- ☑ Initial Member Agency Choice Participation Confirmation (2-17)
- ☑ Member Agency Managers Meeting (2-19)

March 2026

- 2nd Draft Budget @ A&F Committee (3-11)
- Member Agency Managers Meeting (3-19)
- Update Choice-funded Program Participation
- Member Agencies submit Formal Comments (3-27)

April 2026

- FINAL Budget and Rates @ A&F Committee (4-8)
- Member Agencies' Formal Comments presented to A&F Committee (4-8)
- Board approval of Budget and Rates (4-15)

October 2026

- Updated FY 2026-27 Choice Budget @ A&F Committee (10-14)
- Board Approval of Updated FY 2026-27 Choice Budget (10-21)

February 2027

- Biennial Budget mid-cycle review @ A&F Committee (2-10)

MWDOC Budget Overview

Budget Narrative includes:

- Proposed key financial changes and adjustments
- Description of the District's key priorities and initiatives
  - 2nd Draft updates include a more detailed explanation of cost center reassignments



MWDOC Budget Overview - Rates

No Change

FY 2026-27

RATES

- Fixed Meter Charge @ $15.70 — YTY Increase of 2.95% or $0.45
- OCWD Contribution @ $427,658 — YTY Increase of 3.21% or $13,287

FY 2027-28

RATES

- Fixed Meter Charge @ $16.25 — YTY Increase of 3.50% or $0.55
- OCWD Contribution @ $441,989 — YTY Increase of 3.35% or $14,331

MWDOC Budget Overview - Core

Updated

FY 2026-27

REVENUES

- **Core** Revenues @ $12,026,760 — YTY Increase of 5.5% or $629,501

OPERATING EXPENSES

- **Core** Expenses @ $11,971,997 — YTY Increase of 5.0% or $573,386
  (Biggest driver: Employee Benefits)

FY 2027-28

REVENUES

- **Core** Revenues @ $12,161,340 — YTY Increase of 1.1% or $134,580

OPERATING EXPENSES

- **Core** Expenses @ $12,220,741 — YTY Increase of 2.1% or $248,744

MWDOC Budget Overview – Choice

Updated

FY 2026-27

INITIAL CHOICE REVENUE & EXPENSES

- **Choice** Rev & Exp @ $3,043,709 YTY Increase of 28.4% or $672,809

TOTAL OUTSIDE WUE FUNDING

- $6,942,515 YTY decrease of -16.9%

FY 2027-28

INITIAL CHOICE Y-T-Y REVENUE & EXPENSES

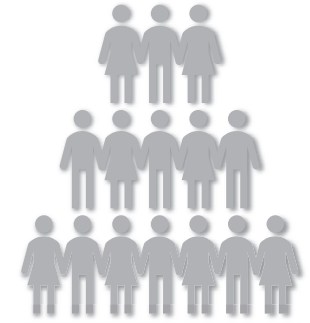
- **Choice** Rev & Exp @ $3,169,426 YTY Increase of 4.1% or $125,717

TOTAL OUTSIDE WUE FUNDING

- $6,235,562 YTY decrease of -10.2%

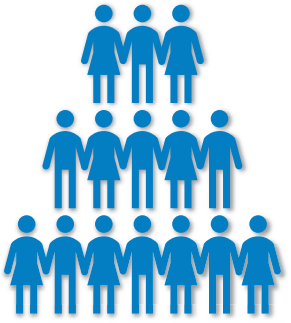
MWDOC Budget Overview – Staffing

Updated



FY 2025-26

Total 46 people
Total 44.01 FTE
Core 34.9 FTE
Choice 9.1 FTE



FY 2026-27

Total 46 people
Total 43.7 FTE
Core 35.9 FTE
Choice 7.8 FTE



FY 2027-28

Total 46 people
+3 succession planning
Total 44.9 FTE
Core 37.1 FTE
Choice 7.9 FTE

Items Incorporated into 2nd Draft

OC TAX MEMBERSHIP

Director Request: Orange County Taxpayers Association (OC TAX) membership would provide MWDOC enhanced visibility among Orange County's business and civic leadership, along with opportunities to educate key stakeholders about water supply reliability.

Estimated cost:

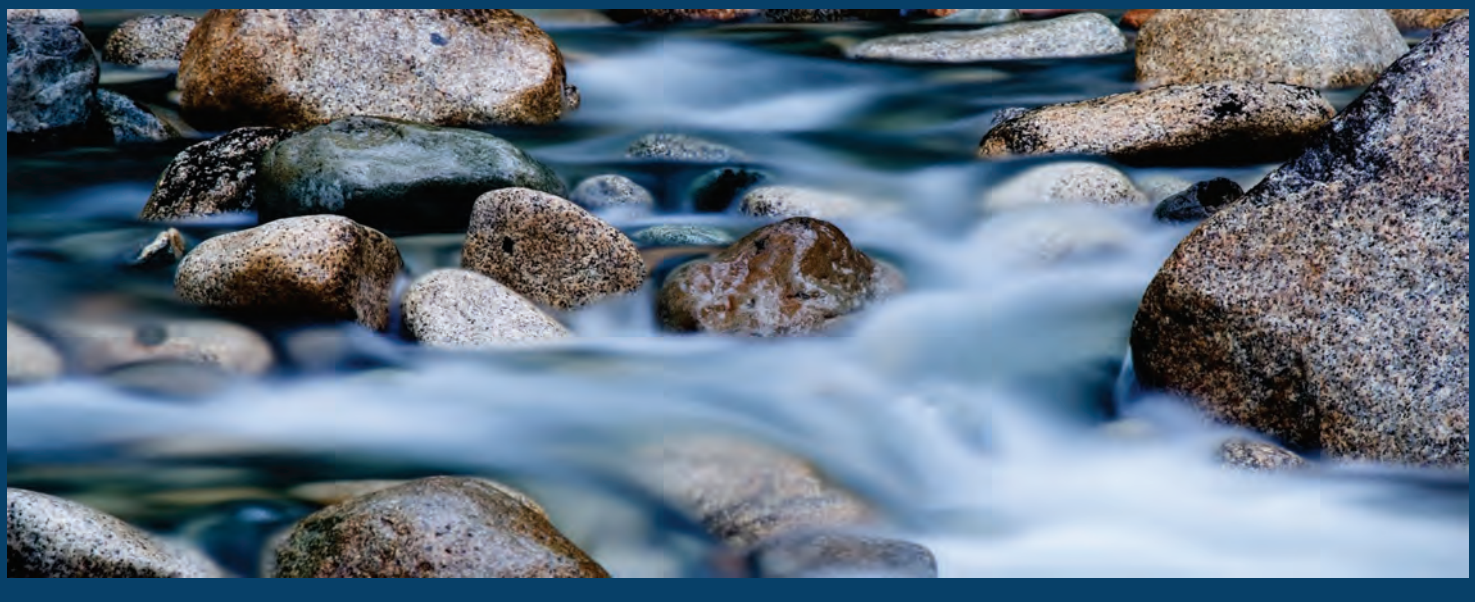
- $2,500 per year, initiating in FY 2026-27

DIRECTOR COMPENSATION

***Staff Recommendation*:** For budgeting purposes, Director compensation adjustments have been included at CPI estimates, not to exceed statutory requirements.

Estimated cost:

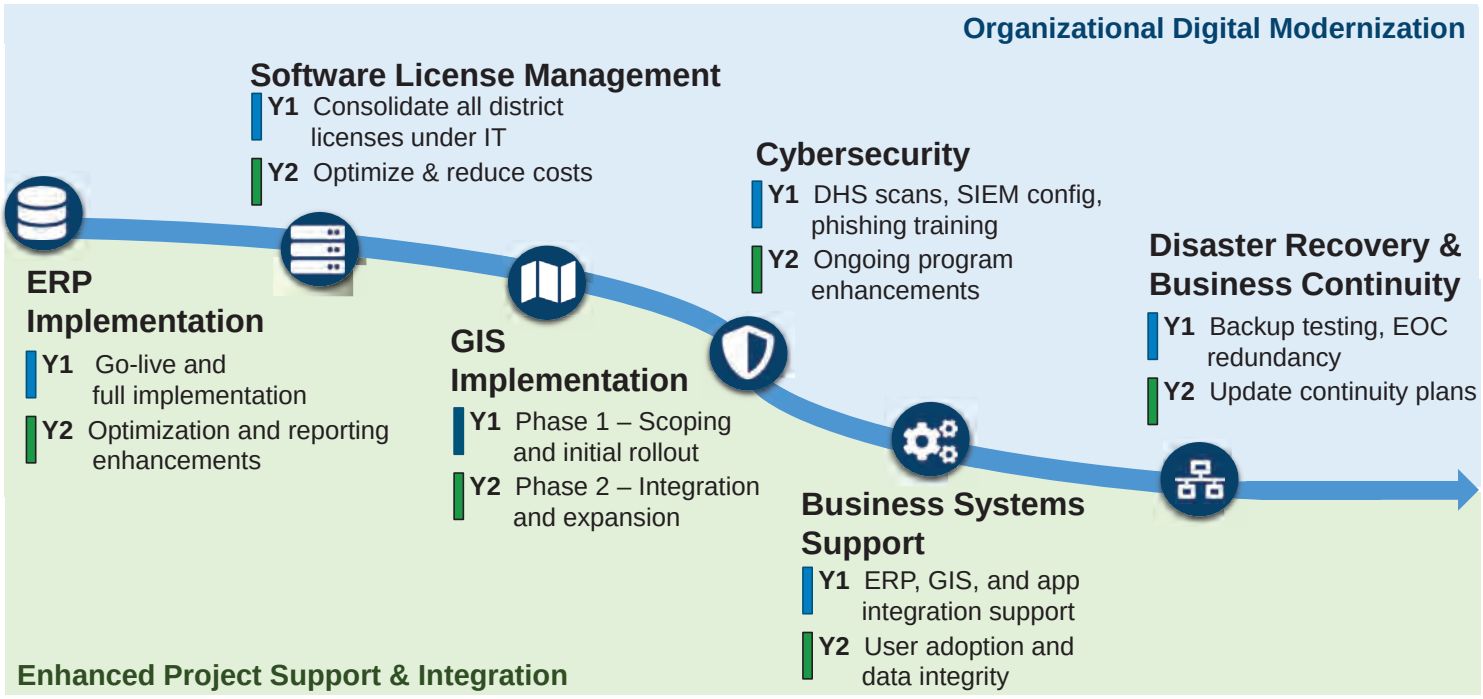
- +$17,062 in FY 2026-27
  Urban CPI @ 3.20% plus $2,880 cost to post notice
- +$18,679 in FY 2027-28
  UCLA Anderson School economic forecast model CPI estimated @ 3.35% plus $2,995 cost to post notice



Additional Information Requests

Additional Information Request:

Information Technology (IT) Roadmap



Additional Information Request:

WEEA Goals & Performance Metrics

Program Objective:
Dismantle barriers to information, resources, data, and partnerships, co-designing sustainable water and energy career pathways for students

Program Tasks & Staff Hours

T1	Sponsorship Partners	~100 hrs
T2	Support Workforce Pathways	~350 hrs
T3	Expand Reach & Impact	~200 hrs
T4	Understanding Partners/Needs	~75 hrs
T5	Performance & Evaluation	~100 hrs

KEY PERFORMANCE INDICATORS

25% Year-over-year membership growth target

Program Reach — Track members introducing students to water/energy programs through WEEA

85% Industry partner satisfaction rate goal

Industry Engagement — Quarterly partner satisfaction surveys

Strengthening Career Pathways
- Industry partnerships
- Professional development opps.
- Member-led initiatives
- Geographic reach

FY DELIVERABLES

Sponsorships
12 total secured
8 × Tier 1 + 4 × Tier 2

Workforce Pathways
2 educational institution partnerships
1 educator training + 2 site tours

Outreach & Reach
250 member outreach contacts
3 speaking engagements + 2 advisory groups

Data & Evaluation
2 target-audience polls
1 year-end report to sponsors

Leadership Roundtable
3 meetings convened
Annual metrics review

Additional Information Request:

Water Quality Hub

Driver: Nitrification events in AMP & EOCF#2 (Summer 2023) prompted workshops with 60+ MET and OC agency management and staff, identifying the need for improved communications and a shared data hub for water quality monitoring across the OC conveyance system.

Improve Communications

- Enhance OC conveyance system monitoring to prevent nitrification
- Establish structured communication channels between MET and OC agencies
- Focus initial effort on Total Chlorine and Temperature data sharing

Centralized WQ Data Hub

- MWDOC-run hub providing MET and OC agency staff a shared, up-to-date source of water quality information
- Secure system interaction without requiring manual assistance
- Real-time access to monitoring data across the imported water system

Technology Opportunities

- Potential for additional monitoring using next-generation chlorine analyzers requiring minimal maintenance
- Technology derived from U.S. Navy requirements — proven, low-maintenance solution
- Positions OC agencies for improved early-warning and response capabilities

Success Factor: The hub builds on the foundation of MWDOC's water quality workgroup collaboration and will serve as a proactive early-warning platform for OC conveyance system conditions.

Additional Information Request:

Lead & Copper Rule Improvements (LCRI)

Program Objective

The LCRI is a pass-through shared service coordinated by MWDOC on behalf of member agencies, building on the completed LCRR inventory work and expanding to include physical connector materials and GIS-based tracking tools



PHASE 1 — Lead & Copper Rule Revisions (LCRR)

Requirement
Submit an **Initial** Service Line Inventory identifying whether service lines are lead or non-lead

Shared Services Scope
- Build inventory
- Statistical verification of service line material
- Field verification
- Public outreach

Deadline Met
- October 2024

PHASE 2 — Lead & Copper Rule Improvements (LCRI)

Requirement
Submit a **Baseline** Service Line Inventory — identify actual service line materials **and** connector materials

Potential Shared Services Scope
- Update inventory
- Build GIS application for in-house inventory tracking
- Technical and field services

Next Steps
- Re-engage member agencies via interest surveys and meetings
- Deadline November 2027

Additional Information Request:

Reliability Study

Purpose

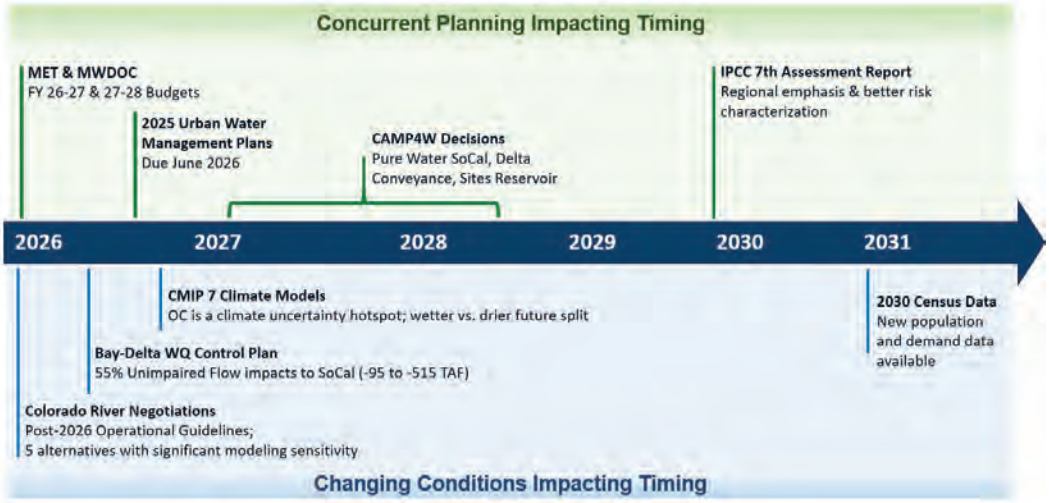
Evaluate current and future water supply & system reliability from an Orange County perspective.

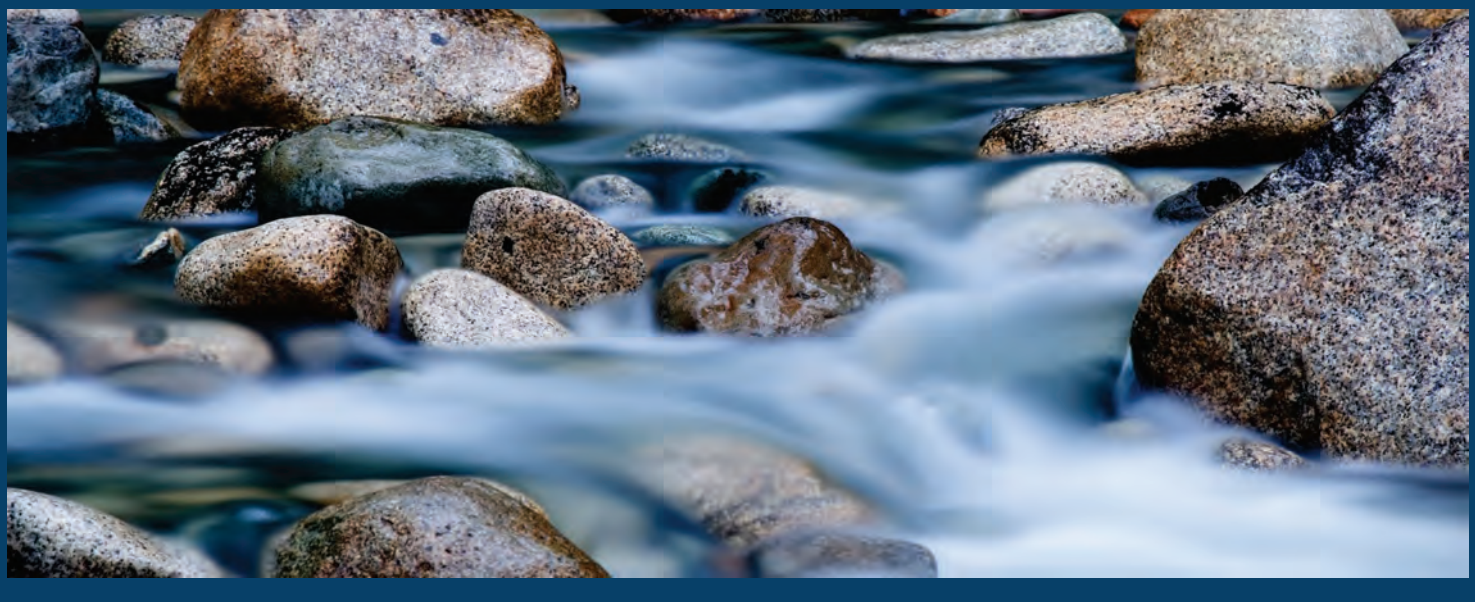
System Reliability
Ability to meet water demands during unplanned outages of key facilities (seismic events, facility failures, catastrophic events). Typical duration: weeks to months.

Supply Reliability
Sufficiency of supplies to meet demands under different hydrologic conditions — frequency, duration, and magnitude of shortages from climate change, drought, or regulatory constraints.

Need for the Study

- Inform planning for future water supply and system reliability for OC water providers
- Provide MET Directors a framework for strategic decisions by transforming complex hydrological data into actionable insights
- Ensure supply resilience to drought and climate change, supporting OC's economy and quality of life





MWDOC 75 YEARS OF SERVICE

Discussion & Board Direction

Items *Not Yet* Incorporated

MWDOC RELIABILITY STUDY UPDATE

MWDOC's last comprehensive Water Reliability Study was completed in 2023. An updated study would assess current and projected water-supply reliability for Orange County and evaluate the adequacy of existing and planned water-supply portfolios.

Staff Recommendation: Based on feedback received, staff recommend Board discussion at mid-cycle point to review timing for initiation of study.

Estimated cost:

- $225,000 in first year of study period*
- Up to $225,000 in second year of study period

*Covered via reserve funds

SUSTAIN SOCAL MEMBERSHIP

Director Request: Sustain Southern California (Sustain SoCal) accelerates cleantech economic growth and sustainability initiatives through innovation, collaboration, and education. Fosters cooperation among the public, private, and academic sectors.

Estimated cost:

- $2,000 per year, initiating in FY 2026-27

Discussion & Direction for 3rd Draft

A&F Committee and Board Direction

- Direction from the Board for 3rd Draft Budget
  - Feedback on Items *Not Yet* Incorporated

Budget Draft #3 Preparation

- Member Agency Feedback
- Continued Choice program refinements

Item No. 5

ACTION ITEM
March 18, 2026

TO: **Board of Directors**

FROM: **Administration & Finance Committee**

Harvey De La Torre, General Manager

Staff Contact: Cathleen Harris, Director of HR & Administration

SUBJECT: **APPROVAL OF 401(a) MONEY PURCHASE PENSION PLAN DOCUMENTS**

STAFF RECOMMENDATION

Staff recommends the Board of Directors adopt Resolution No. 2169 Approving the Restatement of the Municipal Water District of Orange County Money Purchase Pension Plan.

COMMITTEE RECOMMENDATION

(To be determined at Committee Meeting)

REPORT

Purpose

This item requests the Board of Directors (Board) approval to formally adopt the Restatement of the Municipal Water District of Orange County (MWDOC or District) 401(a) Money Purchase Pension Plan, as required to complete the transition of the plan's recordkeeper from VOYA Financial, Inc. (VOYA) to Empower Trust Company, LLC (Empower). Consolidating to a single entity for both the 401(a) and 457(b) plans reduces recordkeeping and investment management fees, streamlines administrative oversight, and provides a modern plan and investment menu. Adoption of the restated plan document also incorporates required legislative changes.

Budgeted: ☐ Yes ☐ No ☒ N/A		Budgeted amount:
Core: ☒	Choice: ☐	Movement between funds: ☐ Yes ☐ No
Action item amount:		

Discussion

At the August 20, 2025 meeting, the Board approved changing the current 401(a) Money Purchase Pension Plan recordkeeper to Empower and authorized staff to work with Municipal Water District of Orange County (MWDOC or District) Investment Advisor, Ted Grigbsy of Fiduciary Consulting Group at Morgan Stanley, District Labor Counsel, and recordkeepers to convert the current 401(a) plan from VOYA to Empower and to prepare and execute necessary documents. Over the past several months, staff worked closely with the District Investment Advisor and Empower to prepare for the transition. The plan transition was established and will take place as follows:

- Notice to Participants: Mailed and emailed the week of March 2nd
- Blackout Start Date: March 24th
- Liquidation Date: March 31st
- Wire Transfer: April 1st
- Blackout Release: April 15th

As we approach the final steps of the transition, the Restatement of the Money Purchase Pension Plan must be adopted by Board Resolution. Exhibit A of Resolution No. 2169 (Attachment 1) includes the Adoption Agreement and Non-Standardized Governmental 401(a) Pre-Approved Plan.

The Adoption Agreement sets forth the specific provisions applicable to the District's 401(a) Money Purchase Pension Plan. The provisions of the Non-Standardized Governmental 401(a) Pre-Approved Plan may not be modified. District Labor Counsel reviewed and preliminarily approved both the Adoption Agreement and the Plan Document.

<u>Key Plan Document Changes</u>

- Mandated legislative provisions, which include the Coronavirus Aid, Relief, and Economic Security (CARES) and Setting Every Community Up for Retirement Enhancement (SECURE) Acts;
- The District is listed as the Plan Administrator, and the Director of Human Resources and Administration will be assigned as the person responsible for handling the day-to-day activities, which were previously handled by a third-party administrator;
- The Plan Trustee will be Empower. The Board of Directors was previously listed as the Plan Trustee;
- Self-Directed Brokerage Option: Participants can have a third-party or a registered investment advisor access and direct their funds at the participant's expense;

- SECURE 1.0 Provisions:
    - In-Service Distributions: In-service distributions allowed at age 59 ½. The plan currently provides for in-service distributions at age 62.
- SECURE 2.0 Provisions:
    - Mandatory Distribution Threshold Increase to $7,000.
        - Terminated participant balances over $7,000 will remain in the plan.
        - $1,000 to $7,000 is rolled over to an IRA (The Empower IRA Rollover accounts are invested in a Guaranteed Investment fund with a minimum interest rate).
        - Under $1,000 is cashed out to the participant.
        - Plan will use Empower Financial as IRA rollover provider.

Next Steps

Staff recommends the Board select Option #1, to adopt Resolution No. 2169 Approving the Restatement of the MWDOC Money Purchase Pension Plan.

Adopting this Resolution will in turn accomplish the following:

a. Approve the Adoption Agreement and Non-Standardized Governmental 401(a) Pre-Approved Plan (Attachment 1, Resolution Exhibit A);

b. Restate the 401(a) Money Purchase Pension Plan;

c. Appoint Empower as the Trustee of the Pension Plan; and

d. Authorize the General Manager, or his designee, to execute the necessary documents on behalf of the District.

If approved, this action will authorize Empower to proceed with the transfer of Plan assets.

ALIGNMENT WITH BOARD STRATEGIC PRIORITIES

☐ *Clarifying MWDOC's mission and role; defining functions and actions.*
☐ *Balance support for Metropolitan's regional mission and OC values and interests.*
☐ *Strengthen communication and coordination of messaging.*
☐ *Work with member agencies to develop water supply and demand objectives.*
☐ *Solicit input and feedback from member agencies.*
☒ *Invest in workforce development and succession planning.*

BOARD OPTIONS

Option #1: Adopt Resolution No. 2169 Approving the Restatement of the MWDOC Money Purchase Pension Plan.

Fiscal Impact: Reduced investment management and administrative service fees resulting in savings to participants and approximately $4,100 for the District. Actual fees will vary based on the investments selected by participants and on transaction fees, including one-time participant fees for distributions or other individual actions.

Option #2: Not adopting Resolution No. 2169 will prevent the transition to Empower from taking place. The 401(a) Plan assets would remain with VOYA.

Fiscal Impact: Participants will pay higher investment management and administrative fees. The District cost is approximately $4,100.

Attachments/Links:
Attachment 1: Resolution No. 2169 Approving the Restatement of the MWDOC Money Purchase Pension Plan

RESOLUTION NO. 2169

**RESOLUTION OF THE
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
BOARD OF DIRECTORS
APPROVING THE RESTATEMENT OF
THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
MONEY PURCHASE PENSION PLAN**

WHEREAS, the Municipal Water District of Orange County (District) previously established a qualified retirement plan known as the Municipal Water District of Orange County Money Purchase Pension Plan (Pension Plan) for the benefit of certain employees;

WHEREAS, on August 20, 2025, the Board of Directors (Board) approved to change the current Pension Plan recordkeeper from VOYA Financial, Inc. to Empower Trust Company, LLC (Empower) with an anticipated effective date of January 1, 2026;

WHEREAS, Empower recommended that, in order to comply with recent legislative changes, the currently individually designed Pension Plan document be restated by adopting a 401(a) Plan that has been pre-approved by the Internal Revenue Service;

WHEREAS, Empower prepared a Governmental 401(a) Pre-Approved Pension Plan, effective as of April 1, 2026, for review by the Board; and

WHEREAS, the Board wishes to appoint Empower, as the Trustee of the Pension Plan.

NOW, THEREFORE, be it resolved, determined and ordered by the Board of Directors of the Municipal Water District of Orange County as follows:

Section 1. That the above recitals are true and correct.

Section 2. That the Board hereby approve the restated Pension Plan heretofore considered and attached as Exhibit A.

Section 3. That the Board hereby appoint Empower as the Trustee of the Pension Plan.

Section 4. That the District hereby authorizes the General Manager, or his designee, on behalf of the District to duly execute the restated Pension Plan and all other documents as necessary and appropriate to reflect the foregoing approvals.

PASSED AND ADOPTED by the Board of Directors of the Municipal Water District of Orange County at its regular meeting held on March 18, 2026, by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

_____

Angela Crespi
District Secretary
Municipal Water District of Orange County

Exhibit A

ADOPTION AGREEMENT FOR
EMPOWER RETIREMENT, LLC
NON-STANDARDIZED
GOVERNMENTAL 401(a) PRE-APPROVED PLAN

CAUTION: Failure to properly fill out this Adoption Agreement may result in disqualification of the Plan.

EMPLOYER INFORMATION
(An amendment to the Adoption Agreement is not needed solely to reflect a change in this Employer Information Section.)

1. EMPLOYER'S NAME, ADDRESS, TELEPHONE NUMBER, TIN AND FISCAL YEAR

Name: Municipal Water District of Orange County

Address: 18700 Ward Street, Unit B
Street

Fountain Valley (City) California (State) 92708 (Zip)

Telephone: (714) 963-3058

Taxpayer Identification Number (TIN): 95-2650400

Employer's Fiscal Year ends: June 30

2. TYPE OF GOVERNMENTAL ENTITY. This Plan may only be adopted a state or local governmental entity, or agency thereof, including an Indian tribal government and may not be adopted by any other entity, including a federal government and any agency or instrumentality thereof.
   a. [ ] State government or state agency
   b. [ ] County or county agency
   c. [X] Municipality or municipal agency
   d. [ ] Indian tribal government (see Note below)

   NOTE: An Indian tribal government may only adopt this Plan if such entity is defined under Code §7701(a)(40), is a subdivision of an Indian tribal government as determined in accordance with Code §7871(d), or is an agency or instrumentality of either, and all of the Participants under this Plan employed by such entity substantially perform services as an Employee in essential governmental functions and not in the performance of commercial activities (whether or not an essential government function).

3. PARTICIPATING EMPLOYERS (Plan Section 1.39). Will any other Employers adopt this Plan as Participating Employers?
   a. [X] No
   b. [ ] Yes

   MULTIPLE EMPLOYER PLAN (Plan Article XI). Will any Employers who are not Affiliated Employers adopt this Plan as part of a multiple employer plan (MEP) arrangement?
   c. [X] No
   d. [ ] Yes (Complete a Participation Agreement for each Participating Employer.)

PLAN INFORMATION
(An amendment to the Adoption Agreement is not needed solely to reflect a change in the information in Question 9.)

4. PLAN NAME:

Municipal Water District of Orange County Money Purchase Pension Plan

5. PLAN STATUS
   a. [ ] New Plan
   b. [X] Amendment and restatement of existing Plan
      CYCLE 3 RESTATEMENT (leave blank if not applicable)
      1. [ ] This is an amendment and restatement to bring a plan into compliance with the legislative and regulatory changes set forth in IRS Notice 2017-37 (i.e., the 6-year pre-approved plan restatement cycle).

6. EFFECTIVE DATE (Plan Section 1.16) (complete a. if new plan; complete a. AND b. if an amendment and restatement)
   Initial Effective Date of Plan (except for restatements, cannot be earlier than the first day of the current Plan Year)
   a. January 1, 1997 (enter month day, year) (hereinafter called the "Effective Date" unless 6.b. is entered below)

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Restatement Effective Date. If this is an amendment and restatement, the effective date of the restatement (hereinafter called the "Effective Date") is:

b. April 1, 2026 (enter month day, year; NOTE: The restatement date may not be prior to the first day of the current Plan Year. Plan contains appropriate retroactive effective dates with respect to provisions for appropriate laws.)

7. PLAN YEAR (Plan Section 1.43) means, except as otherwise provided in d. below:
   a. [X] the calendar year
   b. [ ] the twelve-month period ending on _____ (e.g., June 30th)

   SHORT PLAN YEAR (Plan Section 1.47). This is a Short Plan Year (if the effective date of participation is based on a Plan Year, then coordinate with Question 14):
   c. [X] N/A
   d. [ ] beginning on _____ (enter month day, year; e.g., July 1, 2020)
   and ending on _____ (enter month day, year).

8. VALUATION DATE (Plan Section 1.53) means:
   a. [X] every day that the Trustee (or Insurer), any transfer agent appointed by the Trustee (or Insurer) or the Employer, and any stock exchange used by such agent are open for business (daily valuation)
   b. [ ] the last day of each Plan Year
   c. [ ] the last day of each Plan Year quarter
   d. [ ] other (specify day or days): _____ (must be at least once each Plan Year)

   NOTE: The Plan always permits interim valuations.

9. ADMINISTRATOR'S NAME, ADDRESS AND TELEPHONE NUMBER
   (If none is named, the Employer will be the Administrator (Plan Section 1.2).)
   a. [ ] Employer (use Employer address and telephone number)
   b. [ ] The Committee appointed by the Employer (use Employer address and telephone number)
   c. [X] Other:

   Name: Cathleen Harris Director of HR

   Address: 18700 Ward Street, Unit B
   Street

   Fountain Valley (City) California (State) 92708 (Zip)

   Telephone: (714) 963-3058

10. TYPE OF PLAN (select one)
    a. [ ] Profit Sharing Plan.
    b [X] Money Purchase Pension Plan.

11. CONTRIBUTION TYPES
    The selections made below must correspond with the selections made under the Contributions and Allocations Section of this Adoption Agreement.
    FROZEN PLAN OR CONTRIBUTIONS HAVE BEEN SUSPENDED (Plan Section 4.1(c)) (optional)
    a. [ ] This is a frozen Plan (i.e., all contributions cease) (if this is a temporary suspension, select a.2):
       1. [ ] All contributions ceased as of, or prior to, the effective date of this amendment and restatement and the prior Plan provisions are not reflected in this Adoption Agreement (may enter effective date at 3. below and/or select prior contributions at g. - j. (optional), skip questions 12-18 and 22-30)
       2. [ ] All contributions ceased or were suspended and the prior Plan provisions are reflected in this Adoption Agreement (must enter effective date at 3. below and select contributions at b. - f.)

       Effective date
       3. [ ] as of _____ (effective date is optional unless a.2. has been selected above or this is the amendment or restatement to freeze the Plan).

    CURRENT CONTRIBUTIONS
    The Plan permits the following contributions (select one or more):
    b. [X] **Employer contributions other than matching** (Questions 24-25)
       1. [X] This Plan qualifies as a Social Security Replacement Plan (Question 24.e. must be selected)
    c. [ ] **Employer matching contributions** (Questions 26-28)
    d. [X] **Mandatory Employee contributions** (Question 30)

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e. [ ] **After-tax voluntary Employee contributions**
f. [X] **Rollover contributions** (Question 36)

PRIOR CONTRIBUTIONS
The Plan used to permit, but no longer does, the following contributions (choose all that apply, if any):
g. [ ] **Employer matching contributions**
h. [ ] **Employer contributions other than matching contributions**
i. [ ] **Rollover contributions**
j. [ ] **After-tax voluntary Employee contributions**

ELIGIBILITY REQUIREMENTS

12. ELIGIBLE EMPLOYEES (Plan Section 1.17) means all Employees (including Leased Employees) EXCEPT those Employees who are excluded below or elsewhere in the Plan: (select a. or b.)
a. [ ] **No excluded Employees.** There are no additional excluded Employees under the Plan (skip to Question 13).
b. [X] **Exclusions.** The following Employees are not Eligible Employees for Plan purposes (select one or more):
1. [ ] Union Employees (as defined in Plan Section 1.17)
2. [ ] Nonresident aliens (as defined in Plan Section 1.17)
3. [ ] Leased Employees (Plan Section 1.29)
4. [ ] Part-time Employees. A part-time Employee is an Employee whose regularly scheduled service is less than __ Hours of Service in the relevant eligibility computation period (as defined in Plan Section 1.55).
5. [ ] Temporary Employees. A temporary Employee is an Employee who is categorized as a temporary Employee on the Employer's payroll records.
6. [ ] Seasonal Employees. A seasonal Employee is an Employee who is categorized as a seasonal Employee on the Employer's payroll records.
7. [X] Other: As to All Contributions, exclude any Employee who is not the General Manager or a member of the MWDOC/MET Board of Directors. (must be definitely determinable under Regulation §1.401-1(b). Exclusions may be employment title specific but may not be by individual name)

NOTE: If option 4. - 6. (part-time, temporary and/or seasonal exclusions) is selected, when any such excluded Employee actually completes 1 Year of Service, then such Employee will no longer be part of this excluded class. For this purpose, the Hours of Service method will be used for the 1 Year of Service override regardless of any contrary selection at Question 16.

13. CONDITIONS OF ELIGIBILITY (Plan Section 3.1)
a. [X] **No age and service required.** No age and service required for all Contribution Types (skip to Question 14).
b. [ ] **Eligibility.** An Eligible Employee will be eligible to participate in the Plan upon satisfaction of the following (complete c. and d., select e. and f. if applicable):

Eligibility Requirements
c. [ ] **Age Requirement**
1. [ ] No age requirement
2. [ ] Age 20 1/2
3. [ ] Age 21
4. [ ] Age _____ (may not exceed 26)
d. [ ] **Service Requirement**
1. [ ] No service requirement
2. [ ] _____ (not to exceed 60) months of service (elapsed time)
3. [ ] 1 Year of Service
4. [ ] _____ (not to exceed 5) Years of Service
5. [ ] _____ consecutive month period from the Eligible Employee's employment commencement date and during which at least _____ Hours of Service are completed.
6. [ ] _____ consecutive months of employment.
7. [ ] Other: _____ (e.g., date on which 1,000 Hours of Service is completed within the computation period) (must satisfy the Notes below)

NOTE: If c.4. or d.7. is selected, the condition must be an age or service requirement that is definitely determinable and may not exceed age 26 and may not exceed 5 Years of Service.
NOTE: Year of Service means Period of Service if the elapsed time method is chosen.

Waiver of conditions. The service and/or age requirements specified above will be waived in accordance with the following (leave blank if there are no waivers of conditions):
e. [ ] If employed on _____ the following requirements, and the entry date requirement, will be waived. The waiver applies to any Eligible Employee unless 3. selected below. Such Employees will enter the Plan as of such date (select 1. and/or 2. AND 3. if applicable):
1. [ ] service requirement (may let part-time Eligible Employees into the Plan)

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2. [ ] age requirement
3. [ ] waiver is for: _____

Amendment or restatement to change eligibility requirements

f. [ ] This amendment or restatement (or a prior amendment and restatement) modified the eligibility requirements and the prior eligibility conditions continue to apply to the Eligible Employees specified below. If this option is NOT selected, then all Eligible Employees must satisfy the eligibility conditions set forth above.
   1. [ ] The eligibility conditions above only apply to Eligible Employees who were not Participants as of the effective date of the modification.
   2. [ ] The eligibility conditions above only apply to individuals who were hired on or after the effective date of the modification.

14. EFFECTIVE DATE OF PARTICIPATION (ENTRY DATE) (Plan Section 3.2)

An Eligible Employee who has satisfied the eligibility requirements will become a Participant in the Plan as of the:

a. [X] date such requirements are met
b. [ ] first day of the month coinciding with or next following the date on which such requirements are met
c. [ ] first day of the Plan Year quarter coinciding with or next following the date on which such requirements are met
d. [ ] earlier of the first day of the Plan Year or the first day of the seventh month of the Plan Year coinciding with or next following the date on which such requirements are met
e. [ ] first day of the Plan Year coinciding with or next following the date on which such requirements are met
f. [ ] first day of the Plan Year in which such requirements are met
g. [ ] first day of the Plan Year in which such requirements are met, if such requirements are met in the first 6 months of the Plan Year, or as of the first day of the next succeeding Plan Year if such requirements are met in the last 6 months of the Plan Year.
h. [ ] other: _____ (must be definitely determinable)

SERVICE

15. RECOGNITION OF SERVICE WITH OTHER EMPLOYERS (Plan Sections 1.40 and 1.55)

a. [X] No service with other employers is recognized except as otherwise required by law (e.g., the Plan already provides for the recognition of service with Employers who have adopted this Plan as well as service with Affiliated Employers and predecessor Employers who maintained this Plan; skip to Question 16).

b. [ ] Service with the designated employers is recognized as follows (select c. – e. and one or more of columns 1. - 3.; chose other options as applicable) (if more than 3 employers, attach an addendum to the Adoption Agreement or complete option h. under Section B of Appendix A):

Other Employer	**1. Eligibility**	**2. Vesting**	**3. Contribution Allocation**
c. [ ] Employer name: _____	[ ]	[ ]	[ ]
d. [ ] Employer name: _____	[ ]	[ ]	[ ]
e. [ ] Employer name: _____	[ ]	[ ]	[ ]
Limitations			
f. [ ] The following provisions or limitations apply with respect to the recognition of prior service: _____ (e.g., credit service with X only on/following 1/1/19)	[ ]	[ ]	[ ]

g. [ ] The following provisions or limitations apply with respect to the recognition of service with other employers: _____ (e.g., credit service with X only on/following 1/1/19 or credit all service with entities the Employer acquires after 12/31/18)

NOTE: If the other Employer(s) maintained this qualified Plan, then Years (and/or Periods) of Service with such Employer(s) must be recognized pursuant to Plan Sections 1.40 and 1.55 regardless of any selections above.

16. SERVICE CREDITING METHOD (Plan Sections 1.40 and 1.55)

NOTE: If any Plan provision is based on a Year of Service, then the provisions set forth in the definition of Year of Service in Plan Section 1.55 will apply, including the following defaults, except as otherwise elected below:
1. A Year of Service means completion of at least 1,000 Hours of Service during the applicable computation period.
2. Hours of Service (Plan Section 1.24) will be based on actual Hours of Service except that for Employees for whom records of actual Hours of Service are not maintained or available (e.g., salaried Employees), the monthly equivalency will be used.

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3. For eligibility purposes, the computation period will be as defined in Plan Section 1.55 (i.e., shift to the Plan Year if the eligibility condition is one (1) Year of Service or less).
4. For vesting, allocation, and distribution purposes, the computation period will be the Plan Year.
5. Upon an Employee's rehire, all prior service with the Employer is taken into account for all purposes.

a. [ ] **Elapsed time method.** (Period of Service applies instead of Year of Service) Instead of Hours of Service, elapsed time will be used for:
   1. [ ] all purposes (skip to Question 17)
   2. [ ] the following purposes (select one or more):
      a. [ ] eligibility to participate
      b. [ ] vesting
      c. [ ] allocations, distributions and contributions

b. [ ] **Alternative definitions for the Hours of Service method.** Instead of the defaults, the following alternatives will apply for the Hours of Service method (select one or more):
   1. [ ] **Eligibility computation period.** Instead of shifting to the Plan Year, the eligibility computation period after the initial eligibility computation period will be based on each anniversary of the date the Employee first completes an Hour of Service
   2. [ ] **Vesting computation period.** Instead of the Plan Year, the vesting computation period will be the date an Employee first performs an Hour of Service and each anniversary thereof.
   3. [ ] **Equivalency method.** Instead of using actual Hours of Service, an equivalency method will be used to determine Hours of Service for:
      a. [ ] all purposes
      b. [ ] the following purposes (select one or more):
         1. [ ] eligibility to participate
         2. [ ] vesting
         3. [ ] allocations, distribution and contributions

      Such method will apply to:
      c. [ ] all Employees
      d. [ ] Employees for whom records of actual Hours of Service are not maintained or available (e.g., salaried Employees)
      e. [ ] other: _____ (e.g., per-diem Employees only)

      Hours of Service will be determined on the basis of:
      f. [ ] days worked (10 hours per day)
      g. [ ] weeks worked (45 hours per week)
      h. [ ] semi-monthly payroll periods worked (95 hours per semi-monthly pay period)
      i. [ ] months worked (190 hours per month)
      j. [ ] bi-weekly payroll periods worked (90 hours per bi-weekly pay period)
      k. [ ] other: _____ (e.g., option f. is used for per-diem Employees and option g. is used for on-call Employees).

   4. [ ] **Number of Hours of Service required.** Instead of 1,000 Hours of Service, Year of Service means the applicable computation period during which an Employee has completed at least _____ (not to exceed 1,000) Hours of Service for:
      a. [ ] all purposes
      b. [ ] the following purposes (select one or more):
         1. [ ] eligibility to participate
         2. [ ] vesting
         3. [ ] allocations, distributions and contributions

c. [ ] **Alternative for counting all prior service.** Instead of the default which recognizes all prior service for rehired Employees, the Plan will not recognize prior service and rehired Employee are treated as new hires for the following purposes: (select one)
   1. [ ] all purposes
   2. [ ] the following purposes (select one or more):
      a. [ ] eligibility to participate
      b. [ ] vesting
      c. [ ] sharing in allocations or contributions

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d. [ ] **Other service crediting provisions:** _____ (must be definitely determinable; e.g., for vesting a Year of Service is based on 1,000 Hours of Service but for eligibility a Year of Service is based on 900 Hours of Service.)

NOTE: Must not list more than 1,000 hours in this Section. This servicing credit provision will be used for:

1. [ ] All purposes
2. [ ] The following purposes (select one or more):
   a. [ ] eligibility to participate
   b. [ ] vesting
   c. [ ] allocations, distributions and contributions

VESTING

17. VESTING OF PARTICIPANT'S INTEREST – EMPLOYER CONTRIBUTIONS (Plan Section 6.4(b))

a. [ ] N/A (no Employer contributions; skip to Question 19)

b. [X] The vesting provisions selected below apply. Section B of Appendix A can be used to specify any exceptions to the provisions below.

NOTE: The Plan provides that contributions for converted sick leave and/or vacation leave are fully Vested.

Vesting for Employer contributions other than matching contributions

c. [ ] N/A (no Employer contributions (other than matching contributions); skip to f.)

d. [X] 100% vesting. Participants are 100% Vested in Employer contributions (other than matching contributions) upon entering Plan.

e. [ ] The following vesting schedule, based on a Participant's Years of Service (or Periods of Service if the elapsed time method is selected), applies to Employer contributions (other than matching contributions):

1. [ ] 6 Year Graded: 0-1 year-0%; 2 years-20%; 3 years-40%; 4 years-60%; 5 years-80%; 6 years-100%
2. [ ] 4 Year Graded: 1 year-25%; 2 years-50%; 3 years-75%; 4 years-100%
3. [ ] 5 Year Graded: 1 year-20%; 2 years-40%; 3 years-60%; 4 years-80%; 5 years-100%
4. [ ] Cliff: 100% vesting after _____ (not to exceed 15) years
5. [ ] Other graded vesting schedule (must provide for full vesting no later than 15 years of service; add additional lines as necessary)

Years (or Periods) of Service	Percentage
_____	_____%
_____	_____%
_____	_____%
_____	_____%
_____	_____%
_____	_____%
_____	_____%
_____	_____%
_____	_____%
_____	_____%

Vesting for Employer matching contributions

f. [X] N/A (no Employer matching contributions)

g. [ ] The schedule above will also apply to Employer matching contributions.

h. [ ] 100% vesting. Participants are 100% Vested in Employer matching contributions upon entering Plan.

i. [ ] The following vesting schedule, based on a Participant's Years of Service (or Periods of Service if the elapsed time method is selected), applies to Employer matching contributions:

1. [ ] 6 Year Graded: 0-1 year-0%; 2 years-20%; 3 years-40%; 4 years-60%; 5 years-80%; 6 years-100%
2. [ ] 4 Year Graded: 1 year-25%; 2 years-50%; 3 years-75%; 4 years-100%
3. [ ] 5 Year Graded: 1 year-20%; 2 years-40%; 3 years-60%; 4 years-80%; 5 years-100%
4. [ ] Cliff: 100% vesting after _____ (not to exceed 15) years
5. [ ] Other graded vesting schedule (must provide for full vesting no later than 15 years of service; add additional lines as necessary)

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Years (or Periods) of Service	Percentage
_____	_____%
_____	_____%
_____	_____%
_____	_____%
_____	_____%
_____	_____%
_____	_____%
_____	_____%
_____	_____%
_____	_____%

NOTE: If any Part-time/Seasonal/Temporary Employees who are not covered under Social Security are participating in this Plan as a Social Security Replacement Plan, any contributions used to satisfy the minimum contribution requirements of Question 24.e. will be 100% vested.

18. VESTING OPTIONS

Excluded vesting service. The following Years of Service will be disregarded for vesting purposes (select all that apply; leave blank if none apply):

a. [ ] Service prior to the initial Effective Date of the Plan or a predecessor plan (as defined in Regulations §1.411(a)-5(b)(3))
b. [ ] Service prior to the computation period in which an Employee has attained age _____.
c. [ ] Service during a period for which an Employee did not make mandatory Employee contributions.

Vesting for death, Total And Permanent Disability and Early/Normal Retirement. Regardless of the vesting schedule, a Participant will become fully Vested upon (select all that apply; leave blank if none apply):

d. [ ] Death
e. [ ] Total and Permanent Disability
f. [ ] Early Retirement Date
g. [ ] Normal Retirement Age

RETIREMENT AGES

19. NORMAL RETIREMENT AGE ("NRA") (Plan Section 1.33) means:

This Question 19 and Question 20 may be skipped if the Plan does not base any benefits, distributions or other features on Normal Retirement Age.

a. [ ] **Specific age.** The date a Participant attains age _____
b. [X] **Age/participation.** The later of the date a Participant attains age 62 or the 5th anniversary of the first day of the Plan Year in which participation in the Plan commenced
c. [ ] Other: _____ (must be definitely determinable)

NOTE: If this is a Money Purchase Pension Plan and in-service distributions at Normal Retirement Age are permitted, then the Normal Retirement Age cannot be less than age 62, or age 50 if substantially all Participants are qualified public safety employees (as defined in Code §72(t)(1)). The "substantially all" requirement for qualified public safety employees will no longer be a requirement as of the effective date of the final regulations once they are issued & effective. If an age less than 62 is inserted (unless the age 50 safe harbor is applicable for a qualified public safety employee), no reliance will be afforded on the Opinion Letter issued to the Plan that such age is reasonably representative of the typical retirement age for the industry in which the Participants works. Effective for Employees hired during Plan Years beginning on or after the later of (1) January 1, 2015, or (2) the close of the first legislative session of the legislative body with the authority to amend the plan that begins on or after the date that is three (3) months after the final regulations are published in the Federal Register, an NRA of less than age 62 must comply with the final regulations under §401(a).

Qualified public safety employees. Normal Retirement Age for public safety employees (as defined in Code §72(t)(1)) (leave blank if not applicable)

d. [ ] Age _____ (may not be less than 50 for a Money Purchase Pension Plan or 40 for a Profit Sharing Plan)

20. NORMAL RETIREMENT DATE (Plan Section 1.34) means, with respect to any Participant, the:

a. [X] date on which the Participant attains "NRA"
b. [ ] first day of the month coinciding with or next following the Participant's "NRA"
c. [ ] first day of the month nearest the Participant's "NRA"
d. [ ] Anniversary Date coinciding with or next following the Participant's "NRA"
e. [ ] Anniversary Date nearest the Participant's "NRA"
f. [ ] Other: _____ (e.g., first day of the month following the Participant's "NRA").

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21. EARLY RETIREMENT DATE (Plan Section 1.15)
   a. [X] N/A (no early retirement provision provided)
   b. [ ] Early Retirement Date means the:
      1. [ ] date on which a Participant satisfies the early retirement requirements
      2. [ ] first day of the month coinciding with or next following the date on which a Participant satisfies the early retirement requirements
      3. [ ] Anniversary Date coinciding with or next following the date on which a Participant satisfies the early retirement requirements

      Early retirement requirements
      4. [ ] Participant attains age _____
         AND, completes.... (leave blank if not applicable)
         a. [ ] at least _____ Years (or Periods) of Service for vesting purposes
         b. [ ] at least _____ Years (or Periods) of Service for eligibility purposes
   c. [ ] Early Retirement Date means: _____ (must be definitely determinable)

COMPENSATION

22. COMPENSATION with respect to any Participant is defined as follows (Plan Sections 1.10 and 1.23).
Base definition
   a. [ ] Wages, tips and other compensation on Form W-2
   b. [X] Code §3401(a) wages (wages for withholding purposes)
   c. [ ] 415 safe harbor compensation

   NOTE: Plan Section 1.10(c) provides that the base definition of Compensation includes deferrals that are not included in income due to Code §§401(k), 125, 132(f)(4), 403(b), 402(h)(1)(B)(SEP), 414(h)(2), & 457.

   Determination period. Compensation will be based on the following "determination period" (this will also be the Limitation Year unless otherwise elected at option f. under Section B of Appendix A):
   d. [X] the Plan Year
   e. [ ] the Fiscal Year coinciding with or ending within the Plan Year
   f. [ ] the calendar year coinciding with or ending within the Plan Year

   Adjustments to Compensation (for Plan Section 1.10). Compensation will be adjusted by:
   g. [ ] **No adjustments** (skip to Question 23. below)
   h. [X] **Adjustments.** Compensation will be adjusted by (select all that apply):
      1. [ ] excluding salary reductions (401(k), 125, 132(f)(4), 403(b), SEP, 414(h)(2) pickup, & 457)
      2. [X] excluding reimbursements or other expense allowances, fringe benefits (cash or non-cash), moving expenses, deferred compensation (other than deferrals specified in 1. above) and welfare benefits.
      3. [X] excluding Compensation paid during the "determination period" while not a Participant in the Plan.
      4. [X] excluding Military Differential Pay
      5. [X] excluding overtime
      6. [X] excluding bonuses
      7. [ ] other: _____ (e.g., describe Compensation from the elections available above or a combination thereof as to a Participant group (e.g., no exclusions as to Division A Employees and exclude bonuses as to Division B Employees); and/or describe another exclusion (e.g., exclude shift differential pay)).

23. POST-SEVERANCE COMPENSATION (415 REGULATIONS)

   415 Compensation (post-severance compensation adjustments) (select all that apply at a.; leave blank if none apply)

   NOTE: Unless otherwise elected under a. below, the following defaults apply: 415 Compensation will **include** (to the extent provided in Plan Section 1.23), post-severance regular pay, leave cash-outs and payments from nonqualified unfunded deferred compensation plans.
   a. [X] The defaults listed above apply except for the following (select one or more):
      1. [X] Leave cash-outs will be **excluded**
      2. [X] Nonqualified unfunded deferred compensation will be **excluded**
      3. [ ] Disability continuation payments will be **included** for all Participants and the salary continuation will continue for the following fixed or determinable period: _____
      4. [X] Other: As to All Contributions, exclude military differential pay. (must be definitely determinable)

   Plan Compensation (post-severance compensation adjustments)
   b. [ ] **Defaults apply.** Compensation will **include** (to the extent provided in Plan Section 1.10 and to the extent such amounts would be included in Compensation if paid prior to severance of employment) post-severance regular pay, leave cash-outs, and payments from nonqualified unfunded deferred compensation plans. (skip to Question 24)
   c. [ ] **Exclude all post-severance compensation.** Exclude all post-severance compensation for allocation purposes.

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d. [X] **Post-severance adjustments.** The defaults listed at b. apply except for the following (select one or more):
   1. [ ] Exclude all post-severance compensation
   2. [ ] Regular pay will be **excluded**
   3. [X] Leave cash-outs will be **excluded**
   4. [X] Nonqualified unfunded deferred compensation will be **excluded**
   5. [ ] Military Differential Pay will be **included**
   6. [ ] Disability continuation payments will be **included** for all Participants and the salary continuation will continue for the following fixed or determinable period: _____

e. [ ] Other: _____ (must be definitely determinable)

CONTRIBUTIONS AND ALLOCATIONS

24. EMPLOYER CONTRIBUTIONS (OTHER THAN MATCHING CONTRIBUTIONS) (Plan Section 4.1(b)(3)) (skip to Question 26 if Employer contributions are NOT selected at Question 11.b.)

CONTRIBUTION FORMULA (select one or more of the following contribution formulas:)

a. [ ] **Discretionary contribution (no groups).** (may not be elected if this Plan is a Money Purchase Pension Plan) The Employer may make a discretionary contribution, to be determined by the Employer. Any such contribution will be allocated to each Participant eligible to share in allocations in the same ratio as each Participant's Compensation bears to the total of such Compensation of all Participants.

b. [ ] **Discretionary contribution (Grouping method).** (may not be elected if this Plan is a Money Purchase Pension Plan) The Employer may designate a discretionary contribution to be made on behalf of each Participant group selected below (only select 1. or 2.). The groups must be clearly defined in a manner that will not violate the definite predetermined allocation formula requirement of Regulation §1.401-1(b)(1)(ii). The Employer must notify the Trustee in writing of the amount of the Employer Contribution being given to each group.
   1. [ ] Each Participant constitutes a separate classification.
   2. [ ] Participants will be divided into the following classifications with the allocation methods indicated under each classification.

      Definition of classifications. Define each classification and specify the method of allocating the contribution among members of each classification. Classifications specified below must be clearly defined in a manner that will not violate the definitely determinable allocation requirement of Regulation §1.401-1(b)(1)(ii).

      Classification A will consist of _____
      The allocation method will be: [ ] pro rata based on Compensation
      [ ] equal dollar amounts (per capita)

      Classification B will consist of _____
      The allocation method will be: [ ] pro rata based on Compensation
      [ ] equal dollar amounts (per capita)

      Classification C will consist of _____
      The allocation method will be: [ ] pro rata based on Compensation
      [ ] equal dollar amounts (per capita)

      Classification D will consist of _____
      The allocation method will be: [ ] pro rata based on Compensation
      [ ] equal dollar amounts (per capita)

      Additional Classifications: _____ (specify the classifications and which of the above allocation methods (pro rata or per capita) will be used for each classification).

      NOTE: If more than four (4) classifications, the additional classifications and allocation methods may be attached as an addendum to the Adoption Agreement or may be entered under Additional Classifications above.

      Determination of applicable group. If a Participant shifts from one classification to another during a Plan Year, then unless selected below, the Participant is in a classification based on the Participant's status as of the last day of the Plan Year, or if earlier, the date of termination of employment. If selected below, the Administrator will apportion the Participant's allocation during a Plan Year based on the following:

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a. [ ] Beginning of Plan Year. The classification will be based on the Participant's status as of the beginning of the Plan Year.
b. [ ] Months in each classification. Pro rata based on the number of months the Participant spent in each classification.
c. [ ] Days in each classification. Pro rata based on the number of days the Participant spent in each classification.
d. [ ] One classification only. The Employer will direct the Administrator to place the Participant in only one classification for the entire Plan Year during which the shift occurs.

c. [X] **Fixed contribution** equal to (only select one):
1. [ ) _____% of each Participant's Compensation for each:
   a. [ ] Plan Year
   b. [ ] calendar quarter
   c. [ ] month
   d. [ ] pay period
   e. [ ] week
2. [ ] $_____ per Participant.
3. [ ] $_____ per Hour of Service worked while an Eligible Employee
   a. [ ] up to _____ hours (leave blank if no limit)
4. [X] other: 7.5% of pay per pay period on behalf each member of the MWDOC/MET Board of Directors and an annual contribution of $22,000 on behalf of the General Manager. (the formula described must satisfy the definitely determinable requirement under Regulation §1.401-1(b)) **NOTE**: Under Question 24.c.4., the Employer may only describe the allocation of Nonelective Contributions from the elections available under Question 24.c of this Adoption Agreement and/or a combination thereof as to a Participant group (e.g., a monthly contribution applies to Group A).

d. [ ] **Sick leave/vacation leave conversion.** The Employer will contribute an amount equal to an Employee's current hourly rate of pay multiplied by the Participant's number of unused accumulated sick leave and/or vacation days (as selected below). Only unpaid sick and vacation leave for which the Employee has no right to receive in cash may be included. In no event will the Employer's contribution for the Plan Year exceed the maximum contribution permitted under Code §415(c).

The following may be converted under the Plan: (select one or both):
1. [ ] Sick leave
2. [ ] Vacation leave

Eligible Employees. Only the following Participants shall receive the Employer contribution for sick leave and/or vacation leave (select 3. and/or 4; leave blank if no limitations provided, however, that this Plan may not be used to only provide benefits for terminated Employees)
3. [ ] **Former Employees.** All Employees terminating service with the Employer during the Plan Year and who have satisfied the eligibility requirements based on the terms of the Employer's accumulated benefits plans checked below (select all that apply; leave blank if no exclusions):
   a. [ ] The Former Employee must be at least age _____ (e.g., 55)
   b. [ ] The value of the sick and/or vacation leave must be at least $_____ (e.g., $2,000)
   c. [ ] A contribution will only be made if the total hours is over _____ (e.g., 10) hours
   d. [ ] A contribution will not be made for hours in excess of _____ (e.g., 40) hours
4. [ ] **Active Employees.** Active Employees who have not terminated service during the Plan Year and who meet the following requirements (select all that apply; leave blank if no exclusions):
   a. [ ] The Employee must be at least age _____ (e.g., 55)
   b. [ ] The value of the sick and/or vacation leave must be at least $_____ (e.g., $2,000)
   c. [ ] A contribution will only be made if the total hours is over _____ (e.g., 10) hours
   d. [ ] A contribution will not be made for hours in excess of _____ (e.g., 40) hours

e. [X] **Social Security Replacement Plan.** Except as provided below, the Employer will contribute an amount equal to 7.5% of each eligible Participant's Compensation for the entire Plan Year, reduced by mandatory Employee contributions that are picked-up under Code §414(h) and Employer contributions to this Plan actually contributed to the Participant's Account during such Plan Year. (may only be selected if Question 11.b.1. has also been selected)
AND, only the following Employees will NOT be eligible for the Social Security Replacement Plan contribution: (select all that apply)
1. [ ] Part-time Employees who are not otherwise covered by another qualifying public retirement system as defined for purposes of Regulation §31.3121(b)(7)-2. A part-time Employee is an Employee whose regularly scheduled service is less than _____ Hours of Service in the relevant eligibility computation period (as defined in Plan Section 1.55).
2. [ ] Seasonal Employees who are not otherwise covered by another qualifying public retirement system as defined for purposes of Regulation §31.3121(b)(7)-2. A seasonal Employee is an Employee who is categorized as a seasonal Employee on the Employer's payroll records.
3. [ ] Temporary Employees who are not otherwise covered by another qualifying public retirement system as defined for purposes of Regulation §31.3121(b)(7)-2. A temporary Employee is an Employee who is categorized as a temporary Employee on the Employer's payroll records.

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4. [ ] Employees in elective positions (filled by an election, which may be by legislative body, board or committee, or by a jurisdiction's qualified electorate)
5. [X] Other: "Employees other than MWDOC/MET Board of Directors" will not be eligible for the Social Security Replacement Plan. (any other group of Employees that is definitely determinable and not eligible for the Social Security Replacement Plan contribution).

The minimum contribution of 7.5% stated above will be satisfied by:

a. [X] the Employee only (specify the contribution at the mandatory Employee contributions Question 30)
b. [ ] the Employer only
c. [ ] both the Employee and the Employer. The Employee shall contribute the amount specified in Question 30 for mandatory Employee contributions) and the Employer shall contribute _____% of each eligible Participant's Compensation.

NOTE: If a. or c. above is selected, then the mandatory Employee contribution must be picked-up by the Employer at Question 30. Also, if b. or c. above is selected, then the allocation conditions in Question 25 below do not apply to the Employer contribution made pursuant to this provision.

f. [ ] Other: _____ (the formula described must satisfy the definitely determinable requirement under Regulation §1.401-1(b) and if this is a Money Purchase Pension, it must not be a discretionary contribution formula). **NOTE**: Under Question 24.f., the Employer may only describe the allocation of Nonelective Contributions from the elections available under Question 24 and/or a combination thereof as to a Participant group or contribution type (e.g., pro rata allocation applies to Group A; contributions to other Employees will be allocated in accordance with the classifications allocation provisions of Plan Section 4.3 with each Participant constituting a separate classification).

25. ALLOCATION CONDITIONS (Plan Section 4.3). If 24.a., b., c., or f. is selected above, indicate requirements to share in allocations of Employer contributions (select a. OR b. and all that apply at c. - e.)

a. [X] **No conditions.** All Participants share in the allocations regardless of service completed during the Plan Year or employment status on the last day of the Plan Year (skip to Question 26).
b. [ ] **Allocation conditions apply** (select one of 1. - 5. AND one of 6. - 9. below)

Conditions for Participants NOT employed on the last day of the Plan Year

1. [ ] A Participant must complete at least _____ (not to exceed 500) Hours of Service if the actual hours/equivalency method is selected (or at least _____ (not to exceed 3) months of service if the elapsed time method is selected).
2. [ ] A Participant must complete a Year of Service (or Period of Service if the elapsed time method is selected).
3. [ ] Participants will NOT share in the allocations, regardless of service.
4. [ ] Participants will share in the allocations, regardless of service.
5. [ ] Other: _____ (must be definitely determinable and not subject to Employer discretion)

Conditions for Participants employed on the last day of the Plan Year

6. [ ] No service requirement.
7. [ ] A Participant must complete a Year of Service (or Period of Service if the elapsed time method is selected).
8. [ ] A Participant must complete at least _____ Hours of Service during the Plan Year.
9. [ ] Other: _____ (must be definitely determinable and not subject to Employer discretion)

Waiver of conditions for Participants NOT employed on the last day of the Plan Year. If b.1., 2., 3., or 5. above is selected, Participants who are not employed on the last day of the Plan Year in which one of the following events occur will be eligible to share in the allocations regardless of the above conditions (select all that apply; leave blank if none apply):

c. [ ] Death
d. [ ] Total and Permanent Disability
e. [ ] Termination of employment on or after Normal Retirement Age
   1. [ ] or Early Retirement Date

26. EMPLOYER MATCHING CONTRIBUTIONS (Plan Section 4.1(b)(2) and Plan Section 4.12). (skip to Question 29 if matching contributions are NOT selected at Question 11.c.) The Employer will (or may with respect to any discretionary contribution) make the following matching contributions:

A. **Employee contributions taken into account.** For purposes of applying the matching contribution provisions below, the following amounts are being matched (hereafter referred to as "matched Employee contributions" (select one or more):

a. [ ] Elective deferrals to a **457 plan.** Enter Plan name(s): _____
b. [ ] Elective deferrals to a **403(b) plan.** Enter Plan name(s): _____
c. [ ] Voluntary Employee Contributions
d. [ ] Other: _____ (specify amounts that are matched under this Plan and are provided for within this Adoption Agreement)

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B. **Matching Formula.** (select one)

e. [ ] **Fixed - uniform rate/amount.** The Employer will make matching contributions equal to _____% (e.g., 50) of the Participant's "matched Employee contributions"

1. [ ] that do not exceed _____% of a Participant's Compensation (leave blank if no limit)

Additional matching contribution (choose 2. if applicable):

2. [ ] plus an additional matching contribution of a discretionary percentage determined by the Employer,
   a. [ ] but not to exceed _____% of Compensation. Such contribution is subject to the Instructions and Notice requirement of Section 4.12.

f. [ ] **Fixed - tiered.** The Employer will make matching contributions equal to a uniform percentage of each tier of each Participant's "matched Employee contributions", determined as follows:

NOTE: Fill in only percentages or dollar amounts, but not both. If percentages are used, each tier represents the amount of the Participant's applicable contributions that equals the specified percentage of the Participant's Compensation (add additional tiers if necessary):

Tiers of Contributions (indicate $ or %)	Matching Percentage
First _____	_____%
Next _____	_____%
Next _____	_____%
Next _____	_____%

g. [ ] **Fixed - Years of Service.** The Employer will make matching contributions equal to a uniform percentage of each Participant's "matched Employee contributions" based on the Participant's Years of Service (or Periods of Service if the elapsed time method is selected), determined as follows (add additional tiers if necessary):

Years (or Periods) of Service	Matching Percentage
_____	_____%
_____	_____%
_____	_____%

For purposes of the above matching contribution formula, a Year (or Period) of Service means a Year (or Period) of Service for:

1. [ ] vesting purposes
2. [ ] eligibility purposes

h. [ ] **Flexible Discretionary Match.** (may not be elected if this Plan is a Money Purchase Pension Plan) "Flexible Discretionary Match" means a Matching Contribution which the Employer in its sole discretion elects to make to the Plan. Except as specified below, the Employer retains discretion over the formula or formulas for allocating the Flexible Discretionary Match, including the Discretionary Matching Contribution rate or amount, the limit(s) on Elective Deferrals or Employee Contributions subject to match, the per Participant match allocation limit(s), the Participants or categories of Participants who will receive the allocation, and the time period applicable to any matching formula(s) (collectively, the "Flexible Discretionary Matching Formula"), except as the Employer otherwise elects in its Adoption Agreement. Such contributions will be subject to the Instructions and Notice requirement of Section 4.12, reproduced below, unless the Employer elects to use a "Rigid Discretionary Match" in Election 26.B.h.1. below.

The discretionary matching contribution under this Question 26.B.h. is a "Flexible Discretionary Match" unless the Employer elects to use a "Rigid Discretionary Match." (Choose 1. if applicable.)

1. [ ] **Rigid Discretionary Match.** A "Rigid Discretionary Match" means a Matching Contribution which the Employer in its sole discretion elects to make to the Plan. Such discretion will only pertain to the amount of the annual contribution. The Employer must select the allocation method for this Contribution by selecting among those Adoption Agreement options which confer no Employer Discretion regarding the allocation of such discretionary amount, for example, the limit(s) on Elective Deferrals or Employee Contributions subject to match, the per Participant match allocation limit(s), the Participants who will receive the allocation, and the time period applicable to any matching formula(s). This "Rigid Discretionary Match" is not subject to the Instructions and Notice requirement of Section 4.12.

Section 4.12 provides: INSTRUCTIONS TO ADMINISTRATOR AND NOTIFICATION TO PARTICIPANTS. For Plan Years beginning after the end of the Plan Year in which this document is first adopted, if a "Flexible Discretionary Match" contribution formula applies (i.e., a formula that provides an Employer with discretion regarding how to *allocate* a matching contribution to Participants) and the Employer makes a "Flexible Discretionary Match" to the Plan, the Employer must provide the Plan Administrator or Trustee written instructions describing (1) how the "Flexible Discretionary Match" formula will be allocated to Participants (e.g., a uniform percentage of Elective Deferrals or a flat dollar amount), (2) the computation period(s) to which the "Flexible Discretionary Match" formula applies, and (3) if applicable,

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a description of each business location or business classification subject to separate "Flexible Discretionary Match" allocation formulas. Such instructions must be provided no later than the date on which the "Flexible Discretionary Match" is made to the Plan. A summary of these instructions must be communicated to Participants who receive an allocation of the "Flexible Discretionary Match" no later than 60 days following the date on which the last "Flexible Discretionary Match" contribution is made to the Plan for the Plan Year.

i. [ ] **Discretionary - tiered.** (may not be elected if this Plan is a Money Purchase Pension Plan) The Employer may make matching contributions equal to a discretionary percentage of a Participant's "matched Employee contributions," to be determined by the Employer, of each tier, to be determined by the Employer. Such discretion will only pertain to the amount of the contribution. The tiers may be based on the rate of a Participant's "matched Employee contributions" or Years of Service. Such contribution is subject to the Instructions and Notice requirement of Section 4.12.
NOTE: Fill in only percentages or dollar amounts, but not both. If percentages are used, each tier represents the amount of the Participant's applicable contributions that equals the specified percentage of the Participant's Compensation (add additional tiers if necessary):

Tiers of Contributions (indicate $ or %)	Matching Percentage
First _____	_____%
Next _____	_____%
Next _____	_____%
Next _____	_____%

j. [ ] Other: _____ (the formula described must satisfy the definitely determinable requirement under Regulation §1.401-1(b) and if this is a Money Purchase Pension Plan, it must not be a discretionary contribution formula. **NOTE**: Under Question 26.B.j., the Employer may only describe the allocation of Matching Contributions from the elections available under Question 26 and/or a combination thereof as to a Participant group or contribution type (e.g., fixed – uniform rate applies to Group A; contributions to other Employees will be allocated as a tiered contribution.)

27. MATCHING CONTRIBUTION PROVISIONS

A. **Maximum matching contribution.** The total matching contribution made on behalf of any Participant for any Plan Year will not exceed:
a. [ ] N/A (no Plan specific limit on the amount of matching contribution)
b. [ ] $_____.
c. [ ] _____% of Compensation.

B. **Period of determination.** Any matching contribution other than a "Flexible Discretionary Match" will be applied on the following basis (and "matched Employee contributions" and any Compensation or dollar limitation used in determining the matching contribution will be based on the applicable period. Skip if the only Matching Contribution is a Flexible Discretionary Match.):
d. [ ] the Plan Year (potential annual true-up required)
e. [ ] each payroll period (no true-up)
f. [ ] each month (potential monthly true-up required)
g. [ ] each Plan Year quarter (potential quarterly true-up required)
h. [ ] each payroll unit (e.g., hour) (no true-up)
i. [ ] Other (specify): _____ The time period described must be definitely determinable under Treas. Reg. §1.401-1(b). This line may be used to apply different options to different matching contributions (e.g., Discretionary matching contributions will be allocated on a Plan Year period while fixed matching contributions will be allocated on each payroll period.) Such contribution period is subject to the Instructions and Notice requirement of Section 4.12.

28. ALLOCATION CONDITIONS (Plan Section 4.3) Select a. OR b. and all that apply of c. - h.
a. [ ] **No conditions.** All Participants share in the allocations regardless of service completed during the Plan Year or employment status on the last day of the Plan Year (skip to Question 29).
b. [ ] **Allocation conditions apply** (select one of 1. - 5. AND one of 6. - 9. below)
Conditions for Participants NOT employed on the last day of the Plan Year.
1. [ ] A Participant must complete more than _____ Hours of Service (or _____ months of service if the elapsed time method is selected).
2. [ ] A Participant must complete a Year of Service (or Period of Service if the elapsed time method is selected).
3. [ ] Participants will NOT share in the allocations, regardless of service.
4. [ ] Participants will share in the allocations, regardless of service.
5. [ ] Other: _____ (must be definitely determinable)

Conditions for Participants employed on the last day of the Plan Year
6. [ ] No service requirement.
7. [ ] A Participant must complete a Year of Service (or Period of Service if the elapsed time method is selected).
8. [ ] A Participant must complete at least _____ Hours of Service during the Plan Year.

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9. [ ] Other: _____ (must be definitely determinable and not subject to Employer discretion)

Waiver of conditions for Participants NOT employed on the last day of the Plan Year. If b.1., 2., 3., or 5. is selected, Participants who are not employed on the last day of the Plan Year in which one of the following events occur will be eligible to share in the allocations regardless of the above conditions (select all that apply; leave blank if none apply):

c. [ ] Death
d. [ ] Total and Permanent Disability
e. [ ] Termination of employment on or after Normal Retirement Age
   1. [ ] or Early Retirement Date

Conditions based on period other than Plan Year. The allocation conditions above will be applied based on the Plan Year unless otherwise selected below. If selected, the above provisions will be applied by substituting the term Plan Year with the specified period (e.g., if Plan Year quarter is selected below and the allocation condition is 250 Hours of Service per quarter, enter 250 hours (not 1000) at b.8. above).

f. [ ] The Plan Year quarter.
g. [ ] Payroll period.
h. [ ] Other: _____ (must be definitely determinable and not subject to Employer discretion and may not be longer than a twelve month period).

29. FORFEITURES (Plan Sections 1.21 and 4.3(e))

Timing of Forfeitures. Except as provided in Plan Section 1.21, a Forfeiture will occur:

a. [X] N/A (may only be selected if all contributions are fully Vested (default provisions at Plan Section 4.3(e) apply))
b. [ ] As of the earlier of (1) the last day of the Plan Year in which the former Participant incurs five (5) consecutive 1-Year Breaks in Service, or (2) the distribution of the entire Vested portion of the Participant's Account.
c. [ ] As of the last day of the Plan Year in which the former Participant incurs five (5) consecutive 1-Year Breaks in Service.
d. [ ] As soon as reasonably practical after the date the Participant severs employment.

Use of Forfeitures. (skip if this is NOT a Money Purchase Pension Plan; for Profit Sharing Plans, Forfeitures are disposed of in accordance with Employer direction that is consistent with Section 4.3(e)).

Forfeitures will be (select one):

e. [ ] added to the Employer contribution and allocated in the same manner
f. [ ] used to reduce any Employer contribution
g. [ ] allocated to all Participants eligible to share in the allocations of Employer contributions or Forfeitures in the same proportion that each Participant's Compensation for the Plan Year bears to the Compensation of all Participants for such year
h. [ ] other: _____ (describe the treatment of Forfeitures in a manner that is definitely determinable and that is not subject to Employer discretion)

30. MANDATORY EMPLOYEE CONTRIBUTIONS (Plan Section 4.8) (skip if mandatory Employee contributions NOT selected at Question 11.d.)

Type of mandatory Employee Contribution. The mandatory Employee contribution is being made in accordance with the following: (select one)

a. [X] The mandatory Employee contribution is a condition of employment.
b. [ ] The Employee must make, on or before first being eligible to participate under any Plan of the Employer, an irrevocable election to contribute the mandatory Employee contribution to the Plan. No Eligible Employee will become a Participant unless the Employee makes such an irrevocable election.

Amount of mandatory Employee Contribution (select one)

c. [X] An Eligible Employee must contribute to the Plan 7.5 % (not to exceed 25%) of Compensation.
d. [ ] An Eligible Employee must, prior to his or her first Entry Date, make a one-time irrevocable election to contribute to the Plan from _____% (not less than 1%) to _____% (not to exceed 25%) of Compensation.

Conditions of Mandatory Employee Contributions

e. [X] **Additional provisions and conditions:** MWDOC/MET Board of Directors are required to make mandatory contribution. (must be definitely determinable; e.g., Only full-time Employees must make mandatory Employee contributions)

Employer pick-up contribution. The mandatory Employee contribution is "picked-up" by the Employer under Code §414(h)(2) unless elected below. (select if applicable)

f. [ ] The mandatory Employee contribution is not "picked-up" by the Employer.

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DISTRIBUTIONS

31. FORM OF DISTRIBUTIONS (Plan Sections 6.5 and 6.6)
Distributions under the Plan may be made in (select all that apply; must select at least one):
a. [X] lump-sums
b. [X] substantially equal installments
c. [X] partial withdrawals, provided the minimum withdrawal is $_____ (leave blank if no minimum)
d. [ ] partial withdrawals or installments are only permitted for Participants or Beneficiaries who must receive required minimum distributions under Code §401(a)(9) except for the following (leave blank if no exceptions):
   1. [ ] Only Participants (and not Beneficiaries) may elect partial withdrawals or installments
   2. [ ] Other: _____ (e.g., partial is not permitted for death benefits. Must be definitely determinable and not subject to Employer discretion.)
e. [X] annuity: Any annuity based on the life of the Participant or upon the joint lives of the Participant and a Designated Beneficiary or based on the life expectancy of the Participant or the joint life and last survivor expectancy of the Participant and a Designated Beneficiary (describe the form of annuity or annuities)
f. [ ] other: _____ (must be definitely determinable and not subject to Employer discretion)

NOTE: Regardless of the above, a Participant is not required to request a withdrawal of his or her total Account for an in-service distribution, a hardship distribution, or a distribution from the Participant's Rollover Account.

Cash or property. Distributions may be made in:
g. [X] cash only, except for (select all that apply; leave blank if none apply):
   1. [ ] insurance Contracts
   2. [ ] annuity Contracts
   3. [ ] Participant loans
   4. [ ] all investments in an open brokerage window or similar arrangement
h. [ ] cash or property, except that the following limitation(s) apply: (leave blank if there are no limitations on property distributions):
   1. [ ] _____ (must be definitely determinable and not subject to Employer discretion)

Joint and Survivor Annuity provisions. (Plan Sections 6.5(e) and 6.6(e) (select one) The Joint and Survivor Annuity provisions do not apply to the Plan unless selected below (choose if applicable)
i. [ ] **Joint and Survivor Annuity applicable as normal form of distribution**. The Joint and Survivor annuity rules set forth in Plan Sections 6.5(e) and 6.5(f) apply to all Participants (if selected, then annuities are a form of distribution under the Plan even if e. above is not selected)
j. [ ] **Joint and Survivor Annuity rules apply based on Participant election**. Plan Section 6.5(f) will apply and the joint and survivor rules of Code §§401(a)(11) and 417 (as set forth in Plan Sections 6.5(e) and 6.6(e) will apply only if an annuity form of distribution is selected by a Participant.

AND, if i. or j. is selected above, the one-year marriage rule does not apply unless selected below (choose if applicable).
1. [ ] The one-year marriage rule applies.

Spousal consent requirements. Spousal consent is not required for any Plan provisions (except as otherwise elected in i. above for the joint and survivor annuity rules) unless selected below (choose if applicable)
k. [X] **Required for all distributions**. A Spouse must consent to all distributions (other than required minimum distributions).
l. [X] **Beneficiary designations**. A married Participant's Spouse will be the Beneficiary of the entire death benefit unless the Spouse consents to an alternate Beneficiary.

AND, if k. or l. is selected, the one-year marriage rule does not apply unless selected below (choose if applicable).
1. [ ] The one-year marriage rule applies.

32. CONDITIONS FOR DISTRIBUTIONS UPON SEVERANCE OF EMPLOYMENT. Distributions upon severance of employment pursuant to Plan Section 6.4(a) will not be made unless the following conditions have been satisfied:

A. **Accounts in excess of $5,000**
a. [X] Distributions may be made as soon as administratively feasible following severance of employment.
b. [ ] Distributions may be made as soon as administratively feasible after the last day of the Plan Year coincident with or next following severance of employment.
c. [ ] Distributions may be made as soon as administratively feasible after the last day of the Plan Year quarter coincident with or next following severance of employment.
d. [ ] Distributions may be made as soon as administratively feasible after the Valuation Date coincident with or next following severance of employment.
e. [ ] Distributions may be made as soon as administratively feasible after _____ months have elapsed following severance of employment.

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f. [ ] No distributions may be made until a Participant has reached Early or Normal Retirement Date.
g. [ ] Other: _____ (must be objective conditions which are ascertainable and may not exceed the limits of Code §401(a)(14) as set forth in Plan Section 6.7)

B. **Accounts of $5,000 or less**
h. [ ] Same as above
i. [X] Distributions may be made as soon as administratively feasible following severance of employment.
j. [ ] Distributions may be made as soon as administratively feasible after the last day of the Plan Year coincident with or next following severance of employment.
k. [ ] Other: _____ (must be objective conditions which are ascertainable and may not exceed the limits of Code §401(a)(14) as set forth in Plan Section 6.7)

C. **Timing after initial distributable event.** If a distribution is not made in accordance with the above provisions upon the occurrence of the distributable event, then a Participant may elect a subsequent distribution at any time after the time the amount was first distributable (assuming the amount is still distributable), unless otherwise selected below (may not be selected with 32.f. and 32.h.):
l. [ ] Other: _____ (e.g., a subsequent distribution request may only be made in accordance with l. above (i.e., the last day of another Plan Year); must be objective conditions which are ascertainable and may not exceed the limits of Code §401(a)(14) as set forth in Plan Section 6.7)

D. **Participant consent (i.e., involuntary cash-outs).** Should Vested Account balances less than a certain dollar threshold be automatically distributed without Participant consent (mandatory distributions)?

NOTE: The Plan provides that distributions of amounts of $5,000 or less are only paid as lump-sums.

m. [ ] No, Participant consent is required for all distributions.
n. [X] Yes, Participant consent is required only if the distribution is over:
1. [X] $5,000
2. [ ] $1,000
3. [ ] $_____ (less than $1,000)

NOTE: If 2. or 3. is selected, rollovers will be included in determining the threshold for Participant consent.

Automatic IRA rollover. With respect to mandatory distributions of amounts that are $1,000 or less, if a Participant makes no election, the amount will be distributed as a lump-sum unless selected below.
4. [ ] If a Participant makes no election, then the amount will be automatically rolled over to an IRA provided the amount is at least $_____ (e.g., $200).

E. **Rollovers in determination of $5,000 threshold.** Unless otherwise elected below, amounts attributable to rollover contributions (if any) will be **included** in determining the $5,000 threshold for timing of distributions, form of distributions, or consent rules.
o. [ ] Exclude rollovers (rollover contributions will be **excluded** in determining the $5,000 threshold)

NOTE: Regardless of the above election, if the Participant consent threshold is $1,000 or less, then the Administrator must include amounts attributable to rollovers for such purpose. In such case, an election to exclude rollovers above will apply for purposes of the timing and form of distributions.

33. DISTRIBUTIONS UPON DEATH (Plan Section 6.8(b)(2))
Distributions upon the death of a Participant prior to the "required beginning date" will:
a. [X] be made pursuant to the election of the Participant or "designated Beneficiary"
b. [ ] begin within 1 year of death for a "designated Beneficiary" and be payable over the life (or over a period not exceeding the "life expectancy") of such Beneficiary, except that if the "designated Beneficiary" is the Participant's Spouse, begin prior to December 31st of the year in which the Participant would have attained age 70 1/2
c. [ ] be made within 5 (or if lesser _____) years of death for all Beneficiaries
d. [ ] be made within 5 (or if lesser _____) years of death for all Beneficiaries, except that if the "designated Beneficiary" is the Participant's Spouse, begin prior to December 31st of the year in which the Participant would have attained age 70 1/2 and be payable over the life (or over a period not exceeding the "life expectancy") of such "surviving Spouse"

NOTE: The elections above must be coordinated with the Form of distributions (e.g., if the Plan only permits lump-sum distributions, then options a., b. and d. would not be applicable).

34. OTHER PERMITTED DISTRIBUTIONS (select all that apply; leave blank if none apply)
A. IN-SERVICE DISTRIBUTIONS (Plan Section 6.11)
In-service distributions will NOT be allowed (except as otherwise permitted under the Plan without regard to this provision) unless selected below (if applicable, answer a. - e.; leave blank if not applicable):
a. [X] In-service distributions may be made to a Participant who has not separated from service provided the following has been satisfied (select one or more) (options 2. - 5. may only be selected with Profit Sharing Plans):
1. [X] Age. The Participant has reached: (select one)
a. [ ] Normal Retirement Age

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b. [X] age 62
c. [ ] age 59 1/2 (may not be selected if a Money Purchase Pension Plan)
d. [ ] age _____ (may not be less than age 62 for Money Purchase Pension Plans)

2. [ ] the Participant has been a Participant in the Plan for at least _____ years (may not be less than five (5))
3. [ ] the amounts being distributed have accumulated in the Plan for at least 2 years
4. [ ] other: _____ (must satisfy the definitely determinable requirement under Regulations §401-1(b); may not be subject to Employer discretion; and must be limited to a combination of items a.1. – a.3. or a Participant's disability).)

More than one condition. If more than one condition is selected above, then a Participant only needs to satisfy one of the conditions, unless selected below:

5. [ ] A Participant must satisfy each condition

NOTE: Distributions from a Transfer Account attributable to a Money Purchase Pension Plan are not permitted prior to age 62.

Account restrictions. In-service distributions are permitted from the following Participant Accounts:

b. [X] all Accounts
c. [ ] only from the following Accounts (select one or more):
1. [ ] Account attributable to Employer matching contributions
2. [ ] Account attributable to Employer contributions other than matching contributions
3. [ ] Rollover Account
4. [ ] Transfer Account
Permitted from the following assets attributable to (select one or both):
a. [ ] non-pension assets
b. [ ] pension assets (e.g., from a Money Purchase Pension Plan)
5. [ ] Mandatory Employee Contribution Account
6. [ ] Other: _____ (specify Account(s) and conditions in a manner that satisfies the definitely determinable requirement under Regulation §1.401-1(b) and is not subject to Employer discretion)

Limitations. The following limitations apply to in-service distributions:

d. [X] N/A (no additional limitations)
e. [ ] Additional limitations (select one or more):
1. [ ] The minimum amount of a distribution is $_____.
2. [ ] No more than _____ distribution(s) may be made to a Participant during a Plan Year.
3. [ ] Distributions may only be made from Accounts which are fully Vested.
4. [ ] In-service distributions may be made subject to the following provisions: _____ (must satisfy the definitely determinable requirement under Regulation §1.401-1(b) and not be subject to Employer discretion).

B. HARDSHIP DISTRIBUTIONS (Plan Sections 6.12) (may not be selected if this is a Money Purchase Pension Plan)
Hardship distributions will NOT be allowed (except as otherwise permitted under the Plan without regard to this provision) unless selected below (leave blank if not applicable):

f. [ ] Hardship distributions are permitted from the following Participant Accounts:
1. [ ] all Accounts
2. [ ] only from the following Accounts (select one or more):
a. [ ] Account attributable to Employer matching contributions
b. [ ] Account attributable to Employer contributions other than matching contributions
c. [ ] Rollover Account (if not available at any time under Question 36)
d. [ ] Transfer Account (other than amounts attributable to a money purchase pension plan)
e. [ ] Mandatory Employee Contribution Account
f. [ ] Other: _____ (specify Account(s) and conditions in a manner that is definitely determinable and not subject to Employer discretion)

NOTE: Hardship distributions are NOT permitted from a Transfer Account attributable to pension assets (e.g., from a Money Purchase Pension Plan).

Additional limitations. The following limitations apply to hardship distributions:

3. [ ] N/A (no additional limitations)
4. [ ] Additional limitations (select one or more):
a. [ ] The minimum amount of a distribution is $_____.
b. [ ] No more than _____ distribution(s) may be made to a Participant during a Plan Year.
c. [ ] Distributions may only be made from Accounts which are fully Vested.
d. [ ] A Participant does not include a Former Employee at the time of the hardship distribution.
e. [ ] Hardship distributions may be made subject to the following provisions: _____ (must satisfy the definitely determinable requirement under Regulation §1.401-1(b) and not be subject to Employer discretion).

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Beneficiary Hardship. Hardship distributions for Beneficiary expenses are NOT allowed unless otherwise selected below.

5. [ ] Hardship distributions for expenses of Beneficiaries are allowed
   Special effective date (may be left blank if effective date is same as the Plan or Restatement Effective Date; select a. and, if applicable, b.)
   a. [ ] effective as of _____
   b. [ ] eliminated effective as of _____.

MISCELLANEOUS

35. LOANS TO PARTICIPANTS (Plan Section 7.4)
   a. [ ] New loans are NOT permitted.
   b. [X] New loans are permitted.

   NOTE: Regardless of whether new loans are permitted, if the Plan permits rollovers and/or plan-to-plan transfers, then the Administrator may, in a uniform manner, accept rollovers and/or plan-to-plan transfers of loans into this Plan.

36. ROLLOVERS (Plan Section 4.6) (skip if rollover contributions are NOT selected at 11.f.)
   Eligibility. Rollovers may be accepted from all Participants who are Employees as well as the following (select all that apply; leave blank if not applicable):
   a. [X] Any Eligible Employee, even prior to meeting eligibility conditions to be a Participant
   b. [ ] Participants who are Former Employees

   Distributions. When may distributions be made from a Participant's Rollover Account?
   c. [X] At any time
   d. [ ] Only when the Participant is otherwise entitled to any distribution under the Plan

37. **HEART ACT** (Plan Section 4.11) (select one or more)
   a. [X] **HEART ACT Continued benefit accruals.** Continued benefit accruals will apply
   b. [X] **Distributions for deemed severance of employment.** The Plan permits distributions for deemed severance of employment.

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Reliance on Provider Opinion Letter. The Provider has obtained from the IRS an Opinion Letter specifying the form of this document satisfies Code §401 as of the date of the Opinion Letter. An adopting Employer may rely on the Provider's IRS Opinion Letter *only* to the extent provided in Rev. Proc. 2017-41 or subsequent guidance. The Employer may not rely on the Opinion Letter in certain other circumstances or with respect to certain qualification requirements, which are specified in the Opinion Letter and in Rev. Proc. 2017-41 or subsequent guidance. In order to have reliance in such circumstances or with respect to such qualification requirements, the Employer must apply for a determination letter to Employee Plans Determinations of the IRS.

An Employer who has ever maintained or who later adopts an individual medical account, as defined in Code §415(l)(2)) in addition to this Plan may not rely on the opinion letter issued by the Internal Revenue Service with respect to the requirements of Code§415.

This Adoption Agreement may be used only in conjunction with the basic Plan document #03. This Adoption Agreement and the basic Plan document will together be known as Empower Retirement, LLC Non-Standardized Governmental 401(a) Pre-Approved Plan #002.

The adoption of this Plan, its qualification by the IRS, and the related tax consequences are the responsibility of the Employer and its independent tax and legal advisors.

Execution for Page Substitution Amendment Only. If this paragraph is completed, this Execution Page documents an amendment to Adoption Agreement Election(s) _____ effective _____, by substitute Adoption Agreement page number(s) _____. The Employer should retain all Adoption Agreement Execution Pages and amended pages. (*Note: The Effective Date may be retroactive or may be prospective*.)

The Provider, Empower Retirement, LLC will notify the Employer of any amendment to this Pre-approved Plan or of any abandonment or discontinuance by the Provider of its maintenance of this Pre-approved Plan. In addition, this Plan is provided to the Employer either in connection with investment in a product or pursuant to a contract or other arrangement for products and/or services. Upon cessation of such investment in a product or cessation of such contract or arrangement, as applicable, the Employer is no longer considered to be an adopter of this Plan and Empower Retirement, LLC no longer has any obligations to the Employer that relate to the adopton of this Plan. For inquiries regarding the adoption of the Pre-approved Plan, the Provider's intended meaning of any Plan provisions or the effect of the Opinion Letter issued to the Provider, please contact the Provider or the Provider's representative.

Provider Name: Empower Retirement, LLC

Address: 8515 East Orchard Road

Greenwood Village Colorado 80111

Telephone Number: (877) 694-4015

Email address (optional): _____

The Employer, by executing below, hereby adopts this Plan (add additional signature lines as needed). NOTE: If more than one Plan type is adopted, the Plan Provider must provide multiple plan documents for Employer signature.

EMPLOYER: Municipal Water District of Orange County

By: _____ _____

DATE SIGNED

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APPENDIX A
SPECIAL EFFECTIVE DATES AND OTHER PERMITTED ELECTIONS

A. **Special effective dates** (leave blank if not applicable):

a. [ ] **Special effective date(s):** _____. For periods prior to the specified special effective date(s), the Plan terms in effect prior to its restatement under this Adoption Agreement will control for purposes of the designated provisions. A special effective date may not result in the delay of a Plan provision beyond the permissible effective date under any applicable law. (The Employer has reliance on the IRS Opinion Letter only if the features described in the preceding sentence constitute protected benefits within the meaning of Code Section 411(d)(6) and the regulations thereunder, and only if such features are permissible in a "Cycle 3" preapproved plan, i.e., the features are not specifically prohibited by Revenue Procedure 2017-41 (or any superseding guidance)

B. **Other permitted elections** (the following elections are optional):

a. [ ] **No other permitted elections**

The following elections apply (select one or more):

b. [ ] **Deemed 125 compensation** (Plan Section 1.23). Deemed 125 compensation will be included in Compensation and 415 Compensation.

c. [ ] **Break-in-Service Rule**s. The following Break-in-Service rules apply to the Plan.(select 1. or 2.)

1. [ ] **Reemployed after five (5) 1-Year Breaks in Service ("rule of parity" provisions)** (Plan Section 3.5(e)). The "rule of parity" provisions in Plan Section 3.5(d) will apply for (select one or both):
   a. [ ] eligibility purposes
   b. [ ] vesting purposes

2. [ ] **Break-in-Service rules for rehired Employees.** The following Break-in-Service rules set forth in Plan Sections 3.2 and 3.5 apply: (select one or both)
   a. [ ] all Break-in-Service rules set forth in such Sections.
   b. [ ] only the following: _____ (specify which provisions apply to the Plan)

d. [X] **Beneficiary if no beneficiary elected by Participant** (Plan Section 6.2(f)). In the event no valid designation of Beneficiary exists, then in lieu of the order set forth in Plan Section 6.2(f), the following order of priority will be used: First to the Participant's spouse, then to the Participant's estate (specify an order of beneficiaries; e.g., children per stirpes, parents, and then step-children).

e. [ ] **Joint and Survivor Annuity/Pre-Retirement Survivor Annuity**. If the Plan applies the Joint and Survivor Annuity rules, then the normal form of annuity will be a joint and 50% survivor annuity (i.e., if 31.i. or 31.j. is selected) and the Pre-Retirement Survivor Annuity will be equal to 50% of a Participant's interest in the Plan unless selected below (select 1. and/or 2.)

1. [ ] **Normal form of annuity.** Instead of a joint and 50% survivor annuity, the normal form of the qualified Joint and Survivor Annuity will be: (select one)
   a. [ ] joint and 100% survivor annuity
   b. [ ] joint and 75% survivor annuity
   c. [ ] joint and 66 2/3% survivor annuity

2. [ ] **Pre-Retirement Survivor Annuity.** The Pre-Retirement Survivor Annuity (minimum Spouse's death benefit) will be equal to 50% of a Participant's interest in the Plan unless a different percentage is selected below: (select one)
   a. [ ] 100% of a Participant's interest in the Plan.
   b. [ ] _____% (may not be less than 50%) of a Participant's interest in the Plan.

f. [ ] **Limitation Year** (Plan Section 1.30). The Limitation Year for Code §415 purposes will be _____ (must be a consecutive twelve month period) instead of the "determination period" for Compensation.

g. [ ] **415 Limits when 2 defined contribution plans are maintained** (Plan Section 4.4). If any Participant is covered under another qualified defined contribution plan maintained by the Employer or an Affiliated Employer, or if the Employer or an Affiliated Employer maintains a welfare benefit fund, as defined in Code §419(e), or an individual medical account, as defined in Code §415(l)(2), under which amounts are treated as "annual additions" with respect to any Participant in this Plan, then the provisions of Plan Section 4.4(b) will apply unless otherwise specified below:

1. [ ] Specify, in a manner that precludes Employer discretion, the method under which the plans will limit total "annual additions" to the "maximum permissible amount" and will properly reduce any "excess amounts":
   _____.

h. [ ] **Recognition of Service with other employers** (Plan Sections 1.40 and 1.55). Service with the following employers (in addition to those specified at Question 15) will be recognized as follows (select one or more):

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		Eligibility	Vesting	Contribution Allocation
1.	[ ] Employer name: _____	a. [ ]	b. [ ]	c. [ ]
2.	[ ] Employer name: _____	a. [ ]	b. [ ]	c. [ ]
3.	[ ] Employer name: _____	a. [ ]	b. [ ]	c. [ ]
4.	[ ] Employer name: _____	a. [ ]	b. [ ]	c. [ ]
5.	[ ] Employer name: _____	a. [ ]	b. [ ]	c. [ ]
6.	[ ] Employer name: _____	a. [ ]	b. [ ]	c. [ ]
Limitations				
7.	[ ] The following provisions or limitations apply with respect to the recognition of prior service: _____ (e.g., credit service with X only on/following 1/1/19)	a. [ ]	b. [ ]	c. [ ]

i. [ ] **Other vesting provisions.** The following vesting provisions apply to the Plan (select one or more):

1. [ ] **Special vesting provisions.** The following special provisions apply to the vesting provisions of the Plan: _____ (must be definitely determinable and satisfy the parameters set forth at Question 17)
2. [ ] **Pre-amendment vesting schedule.** (Plan Section 6.4(b)). If the vesting schedule has been amended and a different vesting schedule other than the schedule at Question 17 applies to any Participants, then the following provisions apply (must select one of a. – d.):

   Applicable Participants. The vesting schedules in Question 17 only apply to:
   a. [ ] Participants who are Employees as of _____ (enter date).
   b. [ ] Participants in the Plan who have an Hour of Service on or after _____ (enter date).
   c. [ ] Participants (even if not an Employee) in the Plan on or after _____ (enter date).
   d. [ ] Other: _____ (e.g., Participants in division A. Must be definitely determinable.)

j. [ ] **Minimum distribution transitional rules** (Plan Section 6.8(e)(5))

NOTE: This Section does not apply to (1) a new Plan, (2) an amendment or restatement of an existing Plan that never contained the provisions of Code §401(a)(9) as in effect prior to the amendments made by the Small Business Job Protection Act of 1996 (SBJPA), or (3) a Plan where the transition rules below do not affect any current Participants.

The "required beginning date" for a Participant is:

1. [ ] April 1st of the calendar year following the year in which the Participant attains age 70 1/2. (pre-SBJPA rules continue to apply)
2. [ ] April 1st of the calendar year following the later of the year in which the Participant attains age 70 1/2 or retires (the post-SBJPA rules), with the following exceptions (select one or both; leave blank if both applied effective as of January 1, 1996):
   a. [ ] A Participant who was already receiving required minimum distributions under the pre-SBJPA rules as of _____ (may not be earlier than January 1, 1996) was allowed to stop receiving distributions and have them recommence in accordance with the post-SBJPA rules. Upon the recommencement of distributions, if the Plan permits annuities as a form of distribution then the following apply:
      1. [ ] N/A (annuity distributions are not permitted)
      2. [ ] Upon the recommencement of distributions, the original Annuity Starting Date will be retained.
      3. [ ] Upon the recommencement of distributions, a new Annuity Starting Date is created.
   b. [ ] A Participant who had not begun receiving required minimum distributions as of _____ (may not be earlier than January 1, 1996) may elect to defer commencement of distributions until retirement. The option to defer the commencement of distributions (i.e., to elect to receive in-service distributions upon attainment of age 70 1/2) applies to all such Participants unless selected below:
      1. [ ] The in-service distribution option was eliminated with respect to Participants who attained age 70 1/2 in or after the calendar year that began after the later of (1) December 31, 1998, or (2) the adoption date of the restatement to bring the Plan into compliance with the SBJPA.

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k. [ ] **Other spousal provisions** (select one or more)
   1. [ ] **Definition of Spouse.** The term Spouse includes a spouse under federal law as well as the following: _____.
   2. [ ] **Automatic revocation of spousal designation** (Plan Section 6.2(g)). The automatic revocation of a spousal Beneficiary designation in the case of divorce does not apply.
   3. [ ] **Timing of QDRO payment.** A distribution to an Alternate Payee shall not be permitted prior to the time a Participant would be entitled to a distribution.

l. [ ] **Applicable law.** Instead of using the applicable laws set forth in Plan Section 9.4(a), the Plan will be governed by the laws of: _____

m. [ ] **Total and Permanent Disability.** Instead of the definition at Plan Section 1.50, Total and Permanent Disability means: _____ (must be definitely determinable).

n. [ ] **Inclusion of Reclassified Employees** (Plan Section 1.17(a))**.** The Employer does not exclude Reclassified Employees subject to the following provisions: (leave blank if not applicable): _____

o. [X] **Claims procedures** (Plan Section 2.10). The claims procedures forth in Plan Section 2.10(a) – (b) apply unless otherwise elected below or unless the Administrator has operationally adopted alternative procedures.
   1. [X] The claims procedures set forth in Plan Section 2.10(c) – (g) apply instead of Plan Section 2.10(a).
   2. [ ] The claims procedures set forth in Plan Section 2.10(c)-(g) apply as follows: _____ (specify which provisions apply and/or modified)

p. [ ] **Age 62 In-Service Distributions For Transferred Money Purchase Assets** (Plan Section 6.11)
In-service distributions will be allowed for Participants at age 62. (applies only for Transfer Accounts from a Money Purchase Pension Plan) (skip this question if the Plan is a Money Purchase Pension Plan or if in-service distributions are already permitted for Transferred Accounts at Question 34)

   Limitations. The following limitations apply to these in-service distributions:
   1. [ ] The Plan already provides for in-service distributions and the restrictions set forth in the Plan (e.g., minimum amount of distributions or frequency of distributions) are applicable to in-service distributions at age 62.
   2. [ ] N/A (no limitations)
   3. [ ] The following elections apply to in-service distributions at age 62 (select one or more):
      a. [ ] The minimum amount of a distribution is $_____ (may not exceed $1,000).
      b. [ ] No more than _____ distribution(s) may be made to a Participant during a Plan Year.
      c. [ ] Distributions may only be made from Accounts which are fully Vested.
      d. [ ] In-service distributions may be made subject to the following provisions: _____ (must be definitely determinable and not subject to discretion).

q. [ ] **QLACs**. (Plan Section 6.8(e)(4) A Participant may elect a QLAC (as defined in Plan Section 6.8(e)(4)) or any alternative form of annuity permitted pursuant to a QLAC in which the Participant's Account has been invested.

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ADMINISTRATIVE PROCEDURES

The following are optional administrative provisions. The Administrator may implement procedures that override any elections in this Section without a formal Plan amendment. In addition, modifications to these procedures will not affect an Employer's reliance on the Plan.

A. **Loan Limitations.** (complete only if loans to Participants are permitted; leave blank if none apply)
- a. [ ] Limitations (select one or more):
  - 1. [ ] Loans will be treated as Participant directed investments.
  - 2. [ ] Loans will only be made for hardship or financial necessity as specified below (select a. or b.)
    - a. [ ] hardship reasons specified in Plan Section 6.12
    - b. [ ] financial necessity (as defined in the loan program).
  - 3. [ ] The minimum loan will be $_____.
  - 4. [ ] A Participant may only have _____ (e.g., one (1)) loan(s) outstanding at any time.
  - 5. [ ] All outstanding loan balances will become due and payable in their entirety upon the occurrence of a distributable event (other than satisfaction of the conditions for an in-service distribution (including a hardship distribution), if applicable).
  - 6. [ ] The home loan term will be _____ years. (if not selected, the Administrator establishes the term for repayment of a home loan)
  - 7. [ ] **Account restrictions.** Loans will only be permitted from the following Participant Accounts (select all that apply or leave blank if no limitations apply):
    - a. [ ] Account(s) attributable to Employer matching contributions
    - b. [ ] Account attributable to Employer contributions other than matching contributions
    - c. [ ] Rollover Account
    - d. [ ] Transfer Account
    - e. [ ] Other: _____

    AND, if loans are restricted to certain accounts, the limitations of Code §72(p) will be applied:
    - f. [ ] by determining the limits by only considering the restricted accounts.
    - g. [ ] by determining the limits taking into account a Participant's entire interest in the Plan.

Additional Loan Provisions (select all that apply; leave blank if none apply)
- b. [ ] **Loan payments.** Loans are repaid by (if left blank, then payroll deduction applies unless Participant is not subject to payroll (e.g., partner who only has a draw)):
  - 1. [ ] payroll deduction
  - 2. [ ] ACH (Automated Clearing House)
  - 3. [ ] check
    - a. [ ] Only for prepayment
- c. [ ] **Interest rate.** Loans will be granted at the following interest rate (if left blank, then 3. below applies):
  - 1. [ ] _____ percentage points over the prime interest rate
  - 2. [ ] _____%
  - 3. [ ] the Administrator establishes the rate at the time the loan is made
- d. [ ] **Refinancing.** Loan refinancing is allowed.

B. **Life Insurance.** (Plan Section 7.3)
- a. [X] Life insurance may not be purchased.
- b. [ ] Life insurance may be purchased...
  - 1. [ ] at the option of the Administrator
  - 2. [ ] at the option of the Participant

Limitations
- 3. [ ] N/A (no limitations)
- 4. [ ] The purchase of initial or additional life insurance will be subject to the following limitations (select one or more):
  - a. [ ] Each initial Contract will have a minimum face amount of $_____.
  - b. [ ] Each additional Contract will have a minimum face amount of $_____.
  - c. [ ] The Participant has completed _____ Years (or Periods) of Service.
  - d. [ ] The Participant has completed _____ Years (or Periods) of Service while a Participant in the Plan.
  - e. [ ] The Participant is under age _____ on the Contract issue date.
  - f. [ ] The maximum amount of all Contracts on behalf of a Participant may not exceed $_____.
  - g. [ ] The maximum face amount of any life insurance Contract will be $_____.

C. **Plan Expenses.** Will the Plan assess against an individual Participant's Account certain Plan expenses that are incurred by, or are attributable to, a particular Participant based on use of a particular Plan service?
- a. [ ] No
- b. [X] Yes

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Use of Forfeitures

Forfeitures of Employer contributions other than matching contributions will be:

c. [ ] added to the Employer contribution and allocated in the same manner
d. [ ] used to reduce any Employer contribution
e. [ ] allocated to all Participants eligible to share in the allocations of Employer contributions or Forfeitures in the same proportion that each Participant's Compensation for the Plan Year bears to the Compensation of all Participants for such year
f. [ ] other: _____ (describe the treatment of Forfeitures in a manner that is definitely determinable and not subject to Employer discretion)

Forfeitures of Employer matching contributions will be:

g. [ ] N/A. Same as above or no Employer matching contributions.
h. [ ] used to reduce the Employer matching contribution.
i. [ ] used to reduce any Employer contribution.
j. [ ] other: _____ (describe the treatment of Forfeitures in a manner that is definitely determinable and not subject to Employer discretion)

D. **Directed investments**

a. [ ] Participant directed investments are NOT permitted.
b. [X] Participant directed investments are permitted from the following Participant Accounts:
    1. [X] all Accounts
    2. [ ] only from the following Accounts (select one or more):
        a. [ ] Account attributable to Employer contributions
        b. [ ] Rollover Account
        c. [ ] Transfer Account
        d. [ ] Other: _____ (specify Account(s) and conditions in a manner that is definitely determinable and not subject to Employer discretion)

E. **Rollover Limitations.** Will the Plan accept rollover contributions and/or direct rollovers from the sources specified below?

a. [ ] No, Administrator determines in operation which sources will be accepted.
b. [X] Yes

Rollover sources. Indicate the sources of rollovers that will be accepted (select one or more)

1. [X] **Direct Rollovers.** The Plan will accept a direct rollover of an eligible rollover distribution from (select one or more):
    a. [X] a qualified plan described in Code §401(a) (including a 401(k) plan, profit sharing plan, defined benefit plan, stock bonus plan and money purchase plan), excluding after-tax employee contributions
    b. [ ] a qualified plan described in Code §401(a) (including a 401(k) plan, profit sharing plan, defined benefit plan, stock bonus plan and money purchase plan), including after-tax employee contributions
    c. [X] a plan described in Code §403(a) (an annuity plan), excluding after-tax employee contributions
    d. [ ] a plan described in Code §403(a) (an annuity plan), including after-tax employee contributions
    e. [X] a plan described in Code §403(b) (a tax-sheltered annuity), excluding after-tax employee contributions
    f. [ ] a plan described in Code §403(b) (a tax-sheltered annuity), including after-tax employee contributions
    g. [X] a plan described in Code §457(b) (eligible deferred compensation plan)

    Direct Rollovers of Participant Loan. The Plan will NOT accept a direct rollover of a Participant loan from another plan unless selected below (leave blank if default applies)
    h. [ ] The Plan will accept a direct rollover of a Participant loan
    i. [ ] The Plan will only accept a direct rollover of a Participant loan only in the following situation(s): _____ (e.g., only from Participants who were employees of an acquired organization).
2. [X] **Participant Rollover Contributions from Other Plans (i.e., not via a direct plan-to-plan transfer).** The Plan will accept a contribution of an eligible rollover distribution (select one or more):
    a. [X] a qualified plan described in Code §401(a) (including a 401(k) plan, profit sharing plan, defined benefit plan, stock bonus plan and money purchase plan)
    b. [X] a plan described in Code §403(a) (an annuity plan)
    c. [X] a plan described in Code §403(b) (a tax-sheltered annuity)
    d. [X] a governmental plan described in Code §457(b) (eligible deferred compensation plan)
3. [X] **Participant Rollover Contributions from IRAs:** The Plan will accept a rollover contribution of the portion of a distribution from a traditional IRA that is eligible to be rolled over and would otherwise be includible in gross income. Rollovers from Roth IRAs or a Coverdell Education Savings Account (formerly known as an Education IRA) are not permitted because they are not traditional IRAs. A rollover from a SIMPLE IRA is allowed if the amounts are rolled over after the individual has been in the SIMPLE IRA for at least two years.

F. **Trustee(s) or Insurer(s).** Information regarding Trustee(s)/Insurer(s) (required for the Summary Plan Description and, if requested, the Trust Agreement)

(Note: Select a. if not using provided trust. MUST select b and following questions as applicable):

a. [ ] Do not produce the trust agreement

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b. [X] Complete the following UNLESS not selecting supporting forms:

Trustee/Insurer *(select a. OR one or more of d. - e.)*

c. [ ] **Insurer.** This Plan is funded exclusively with Contracts (select one or more of 1. - 4)
Name of Insurer(s)
1. [ ] _____
2. [ ] _____
3. [ ] Use Employer address/telephone number/email
4. [ ] Use following address/telephone number/email
   a. Street: _____
   b. City: _____
   c. State: _____
   d. Zip: _____
   e. Telephone: _____
   f. Email: _____

d. [ ] Individual Trustee(s)
e. [X] Corporate Trustee

Name of Trust

f. Specify name of Trust (required for FIS trust): Municipal Water District of Orange County Money Purchase Pension Trust

Individual Trustees (if d. selected above, complete g. – j.)

Directed/Discretionary Trustees. The individual Trustee(s) executing this Adoption Agreement are (select g. or h.)

g. [ ] Select for each individual Trustee (skip to next question)
h. [ ] The following selections apply to all individual Trustee(s) (select 1. - 4. as applicable)
   1. [ ] A discretionary Trustee over all plan assets (may not be selected with 2. - 4.)
   2. [ ] A nondiscretionary (directed) Trustee over all plan assets (may not be selected with 1., 3. or 4.)
   3. [ ] The individual Trustee(s) will serve as a discretionary Trustee over the following assets: _____ (may not be selected with 1. or 2.)
   4. [ ] The individual Trustee(s) will serve as a nondiscretionary (directed) Trustee over the following assets: _____ (may not be selected with 1. or 2.)

Individual Trustee(s) (complete if d. selected above)

i. [ ] Individual Trustee(s) are (select one or more of a. - j.; enter address at j. below)
   a. **Name** _____
   Title/Email:
   1. Title _____
   2. Email _____ (optional)
   Trustee is: (complete if g. selected above; select 3. – 6. as applicable)
   3. [ ] Discretionary Trustee over all plan assets (may not be selected with 4. – 6.)
   4. [ ] A discretionary Trustee over the following plan assets: _____ (may not be select with 3. or 5.)
   5. [ ] Nondiscretionary Trustee over all plan assets (may not be selected with 3., 4. or 6.)
   6. [ ] A nondiscretionary (directed) Trustee or Custodian over the following plan assets _____ (may not be selected with 3. or 5.)

   b. **Name** _____
   Title/Email:
   1. Title _____
   2. Email _____ (optional)
   Trustee is: (complete if g. selected above; select 3. – 6. as applicable)
   3. [ ] Discretionary Trustee over all plan assets (may not be selected with 4. – 6.)
   4. [ ] A discretionary Trustee over the following plan assets: _____ (may not be select with 3. or 5.)
   5. [ ] Nondiscretionary Trustee over all plan assets (may not be selected with 3., 4. or 6.)
   6. [ ] A nondiscretionary (directed) Trustee or Custodian over the following plan assets _____ (may not be selected with 3. or 5.)

   c. **Name** _____
   Title/Email:
   1. Title _____
   2. Email _____ (optional)
   Trustee is: (complete if g. selected above; select 3. – 6. as applicable)
   3. [ ] Discretionary Trustee over all plan assets (may not be selected with 4. – 6.)
   4. [ ] A discretionary Trustee over the following plan assets: _____ (may not be select with 3. or 5.)

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5. [ ] Nondiscretionary Trustee over all plan assets (may not be selected with 3., 4. or 6.)
6. [ ] A nondiscretionary (directed) Trustee or Custodian over the following plan assets _____ (may not be selected with 3. or 5.)

d. **Name** _____
Title/Email:
1. Title _____
2. Email _____ (optional)

Trustee is: (complete if g. selected above; select 3. – 6. as applicable)
3. [ ] Discretionary Trustee over all plan assets (may not be selected with 4. or 6.)
4. [ ] A discretionary Trustee over the following plan assets: _____ (may not be selected with 3. or 5.)
5. [ ] Nondiscretionary Trustee over all plan assets (may not be selected with 3., 4. or 6.)
6. [ ] A nondiscretionary (directed) Trustee or Custodian over the following plan assets _____ (may not be selected with 3. or 5.)

e. **Name** _____
Title/Email:
1. Title _____
2. Email _____ (optional)

Trustee is: (complete if g. selected above; select 3. – 6. as applicable)
3. [ ] Discretionary Trustee over all plan assets (may not be selected with 4. or 6.)
4. [ ] A discretionary Trustee over the following plan assets: _____ (may not be selected with 3. or 5.)
5. [ ] Nondiscretionary Trustee over all plan assets (may not be selected with 3., 4. or 6.)
6. [ ] A nondiscretionary (directed) Trustee or Custodian over the following plan assets _____ (may not be selected with 3. or 5.)

f. **Name** _____
Title/Email:
1. Title _____
2. Email _____ (optional)

Trustee is: (complete if g. selected above; select 3. – 6. as applicable)
3. [ ] Discretionary Trustee over all plan assets (may not be selected with 4. or 6.)
4. [ ] A discretionary Trustee over the following plan assets: _____ (may not be selected with 3. or 5.)
5. [ ] Nondiscretionary Trustee over all plan assets (may not be selected with 3., 4. or 6.)
6. [ ] A nondiscretionary (directed) Trustee or Custodian over the following plan assets _____ (may not be selected with 3. or 5.)

g. **Name** _____
Title/Email:
1. Title _____
2. Email _____ (optional)

Trustee is: (complete if g. selected above; select 3. – 6. as applicable)
3. [ ] Discretionary Trustee over all plan assets (may not be selected with 4. or 6.)
4. [ ] A discretionary Trustee over the following plan assets: _____ (may not be selected with 3. or 5.)
5. [ ] Nondiscretionary Trustee over all plan assets (may not be selected with 3., 4. or 6.)
6. [ ] A nondiscretionary (directed) Trustee or Custodian over the following plan assets _____ (may not be selected with 3. or 5.)

h. **Name** _____
Title/Email:
1. Title _____
2. Email _____ (optional)

Trustee is: (complete if g. selected above; select 3. – 6. as applicable)
3. [ ] Discretionary Trustee over all plan assets (may not be selected with 4. or 6.)
4. [ ] A discretionary Trustee over the following plan assets: _____ (may not be selected with 3. or 5.)
5. [ ] Nondiscretionary Trustee over all plan assets (may not be selected with 3., 4. or 6.)
6. [ ] A nondiscretionary (directed) Trustee or Custodian over the following plan assets _____ (may not be selected with 3. or 5.)

i. **Name** _____
Title/Email:
1. Title _____
2. Email _____ (optional)

Trustee is: (complete if g. selected above; select 3. – 6. as applicable)
3. [ ] Discretionary Trustee over all plan assets (may not be selected with 4. or 6.)

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4. [ ] A discretionary Trustee over the following plan assets: _____ (may not be selected with 3. or 5.)
5. [ ] Nondiscretionary Trustee over all plan assets (may not be selected with 3., 4. or 6.)
6. [ ] A nondiscretionary (directed) Trustee or Custodian over the following plan assets _____ (may not be selected with 3. or 5.)

j. **Name** _____
Title/Email:
1. Title _____
2. Email _____ (optional)
Trustee is: (complete if g. selected above; select 3. – 6. as applicable)
3. [ ] Discretionary Trustee over all plan assets (may not be selected with 4. or 6.)
4. [ ] A discretionary Trustee over the following plan assets: _____ (may not be selected with 3. or 5.)
5. [ ] Nondiscretionary Trustee over all plan assets (may not be selected with 3., 4. or 6.)
6. [ ] A nondiscretionary (directed) Trustee or Custodian over the following plan assets _____ (may not be selected with 3. or 5.)

j. [ ] **Individual Trustee Address** (complete if d. selected above)
1. [ ] Use Employer address/telephone number/email
2. [ ] Use following address/telephone number/email
a. Street: _____
b. City: _____
c. State: _____
d. Zip: _____
e. Telephone: _____
f. Email: _____

Corporate Trustee Name/Type/Address (complete if e. selected above)
k. [X] Name Empower Trust Company, LLC
Address/telephone number/email
1. [ ] Use Employer address/telephone number/email
2. [X] Use following address/telephone number/email
a. Street: 8515 East Orchard Road
b. City: Greenwood Village
c. State: Colorado
d. Zip: 80111
e. Telephone: (877) 694-4015
f. Email: _____
Directed/Discretionary. The Corporate Trustee is (select 3. - 6. as applicable)
3. [ ] A discretionary Trustee over all plan assets (may not be selected with 4. – 6.)
4. [X] A nondiscretionary (directed) Trustee over all plan assets (may not be selected with 3., 5. or 6.)
5. [ ] A discretionary Trustee over the following plan assets over the following assets: _____ (may not be selected with 3. – 4.)
6. [ ] A nondiscretionary (directed) Trustee over the following plan assets _____ (may not be selected with 3. – 4.)
Signee (optional)**:**
7. [ ] Name of person signing on behalf of the corporate Trustee _____
8. [ ] Email address of person signing on behalf of the corporate Trustee _____

Special Trustee for collection of contributions. The Employer appoints the following Special Trustee with the responsibility to collect delinquent contributions *(optional)*
l. [ ] **Name** _____
Title:
1. _____
Address/telephone number/email
2. [ ] Use Employer address/telephone number/email
3. [ ] Use following address/telephone number/email
a. Street: _____
b. City: _____
c. State: _____
d. Zip: _____
e. Telephone: _____
f. Email: _____

Custodian(s) Name/Address . The Custodian(s) are *(optional)*
m. [ ] **Name(s)** _____

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Address/telephone number/email

1. [ ] Use Employer address/telephone number/email
2. [ ] Use following address/telephone number/email
    a. Street: _____
    b. City: _____
    c. State: _____
    d. Zip: _____
    e. Telephone: _____
    f. Email: _____

Investment in common, collective or pooled trust funds. The nondiscretionary Trustee, as directed or the discretionary Trustee acting without direction (and in addition to the discretionary Trustee's authority to invest in its own funds), may invest in any of the following trust funds: *(optional)*

n. [ ] _____ (Specify the names of one or more trust funds in which the Plan can invest)

Choice of law

o. [X] This trust will be governed by the laws of the state of:
    1. [ ] State in which the Employer's principal office is located
    2. [X] State in which the corporate trustee or insurer is located
    3. [ ] Other _____

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EMPOWER RETIREMENT, LLC NON-STANDARDIZED GOVERNMENTAL 401(A) MODIFICATIONS

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY MONEY PURCHASE PENSION PLAN

The enclosed Plan is being submitted for expedited review as a Non-Standardized Plan.

No modifications from the approved specimen plan have been made to this Plan.

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AMENDMENT FOR CARES ACT

ARTICLE 1
PREAMBLE; DEFINITIONS

1.1 **Adoption of Amendment**. The Document Provider, on behalf of the Employer, hereby adopts this Amendment to the Employer's Plan to implement provisions of the Act which affect the Plan. All references to the Plan include the Plan's loan program, policy, or procedure to the extent applicable.

1.2 **Superseding of inconsistent provisions**. This Amendment supersedes the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this Amendment.

1.3 **Construction.** Except as otherwise provided in this Amendment, any Article or Section reference in this Amendment refers only to this Amendment and is not a reference to the Plan. The Article and Section numbering in this Amendment is solely for purposes of this Amendment and does not relate to the Plan article, section, or other numbering designations.

1.4 **Effect of restatement of Plan.** If the Employer restates the Plan then this Amendment shall remain in effect after such restatement unless the provisions in this Amendment are restated or otherwise become obsolete (e.g., if the Plan is restated onto a plan document which incorporates these provisions).

1.5 **Definitions.** Except as otherwise provided in this Amendment, terms defined in the Plan will have the same meaning in this Amendment. The following definitions apply specifically to this Amendment:

A. The "**Act**" is the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act. This Amendment shall be interpreted and applied to comply with the Act.

B. A "**Qualified Individual**" means any individual who meets one or more of the criteria described in paragraphs (1), (2), (3), or (4). Participants, alternate payees and beneficiaries of deceased participants can be treated as Qualified Individuals. The Plan Administrator may rely on an individual's certification that the individual satisfies a condition to be a Qualified Individual unless the Plan Administrator has actual knowledge to the contrary. In applying the criteria, "COVID-19" means either the virus SARS–CoV–2 or coronavirus disease 2019; "an approved test" means a test approved by the Centers for Disease Control and Prevention (including a test authorized under the Federal Food, Drug, and Cosmetic Act); and a "member of the individual's household" means someone who shares the individual's principal residence. The criteria are as follows:

(1) The individual was diagnosed with COVID-19 by an approved test;

(2) The individual's spouse or dependent (as defined in Code §152) was diagnosed with COVID-19 by an approved test;

(3) The individual has experienced adverse financial consequences because: (a) the individual or the individual's spouse, or a member of the individual's household was quarantined, furloughed or laid off, or had work hours reduced due to COVID-19; (b) the individual, the individual's spouse, or a member of the individual's household was unable to work due to lack of childcare due to COVID-19; (c) A business owned or operated by the individual, the individual's spouse, or a member of the individual's household closed or reduced hours due to COVID-19; or (d) the individual, the individual's spouse, or a member of the individual's household had a reduction in pay (or self-employment income) due to COVID-19 or had a job offer rescinded or start date for a job delayed due to COVID-19; or

(4) The individual satisfies any other criteria determined by the Treasury or the IRS.

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1.6 **Adoption by Document Provider**. The Document Provider hereby adopts this Amendment on behalf of all of the Document Provider's plans adopted by its adopting employers. The adoption by the Document Provider becomes applicable with respect to an Employer's Plan on March 27, 2020 (or, if later, the Effective Date of the Plan), unless the Employer individually adopts this Amendment, or an alternative amendment, prior to the expiration of the remedial amendment period relating to this Amendment. The Document Provider means the Sponsor of a Prototype Plan or Volume Submitter Practitioner of a Volume Submitter Plan as defined in Rev. Proc. 2013-22 or 2015-36, or the Provider of a Pre-approved Plan, as defined in Rev. Proc. 2017-41. References to the Document Provider's plans or to pre-approved plans refer to the Prototype Plans, Volume Submitter Plans, and/or Pre-approved Plans sponsored by the Document Provider for use by adopting employers, as the case may be, except as limited in Section 2.1.

ARTICLE 2
IDENTIFYING INFORMATION; EMPLOYER ELECTIONS

Instructions: The Document Provider should complete the elections at Sections 2.1 (if applicable), 2.3, and 2.4. If the Employer is satisfied with those choices, the Employer does not need to execute this Amendment. Otherwise, the Employer must complete the information at Section 2.2 and may complete one or more of Sections 2.3 through 2.5 to indicate the Employer's preferences.

2.1 **Application to Document Provider plans:** This Amendment will apply to all preapproved plans (including Prototype and Volume Submitter plans) of the Document Provider except the following: *(Optional. List plan types, such as Defined Benefit Plans or 403(b) Plans, which the Document Provider does not wish to amend)*:
_____

2.2 **Employer identifying information.** *(Complete only if Employer is separately adopting this Amendment.)*

A. Name of Employer: Municipal Water District of Orange County

B. Name of Plan: Municipal Water District of Orange County Money Purchase Pension Plan

C. Type of Plan (*check one; optional*)
(1) [ ] 401(k) Plan
(2) [ ] Profit-Sharing Plan (other than a 401(k) plan)
(3) [ ] Money Purchase Pension Plan
(4) [ ] Defined Benefit Plan (including a cash balance plan)
(5) [ ] 403(b) Plan

2.3 **Relief for Qualified Individuals.** Will the Plan provide any or all of the following relief for Qualified Individuals: (1) Coronavirus-Related Distributions described in Article 3, (2) increased loan limits described in Section 4.2, (3) the loan repayment extension described in Section 4.3. *(Select one of (a), (b), or (c). If (c) is selected, then select one or more of (d), (e), and/or (f))*
(a) [ ] No. The Plan will not provide any of these relief provisions.
(b) [ ] Yes. The Plan will provide all of these relief provisions. The limitations on distributions described in Sections 2.3(d)(1) – (4) and the limitations on loans in Section 2.3(e)(1) – (3) and Section 2.3(f)(1) – (3) do not apply.
(c) [X] Some. The Plan will provide those relief provisions selected in (d), (e), or (f) below.

(d) [X] The Coronavirus-Related Distribution provisions described in Article 3 (*If (d) is selected, the Employer or Document Provider may optionally select one or more of (1), (2), (3), or (4).)*
(1) [ ] Coronavirus-Related Distributions are not available from an account in which the Participant is not 100% vested.
(2) [ ] Coronavirus-Related Distributions may be made only from the following accounts: _____.
(3) [ ] The maximum amount of Coronavirus-Related Distributions from the Plan to a Qualified Individual will not exceed: $_____. *(Enter amount less than $100,000*.)

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(4) [X] The following additional provisions apply to Coronavirus-Related Distributions: The provisions of Article 3 of this Amendment apply only to the extent a Coronavirus-Related Distribution has been made to a Qualified Individual. To the extent the Plan does not operationally apply the rules of Article 3 of this Amendment, it does not apply to the Plan. The Plan Administrator shall document through administrative procedures or otherwise the manner in which the Plan operationally applied the rules under Article 3 of this Amendment. *(Enter limitations or restrictions which are nondiscriminatory and not subject to Employer discretion.)*

(e) [X] The increased loan limit described in Section 4.2 (*If (e) is selected, the Employer or Document Provider may optionally select one or both of (1), (2), or (3).)*

(1) [ ] The maximum dollar amount of loans pursuant to Section 4.2 will not exceed: $_____. *(Enter amount less than $100,000.)*

(2) [ ] The maximum percentage of the present value of the nonforfeitable accrued benefit that may be loaned pursuant to Section 4.2 will not exceed: _____%. *(Enter percentage less than 100%.)*

(3) [X] The following additional provisions apply to the increased loan limit: The increased loan limits described in Section 4.2 of this Amendment apply only to the extent a loan has been made to a Qualified Individual in excess of the limits otherwise available under the Plan. To the extent the Plan does not operationally apply the increased loan limits described in Section 4.2 of this Amendment, it does not apply to the Plan. The Plan Administrator shall document through administrative procedures or otherwise the manner in which the Plan operationally applied the increased loan limits described in Section 4.2 of this Amendment. *(Enter limitations or restrictions which are nondiscriminatory.)*

(f) [X] The loan repayment extension described in Section 4.3 *(If (f) is selected, the Employer or Document Provider may optionally select one or more of (1), (2), or (3).)*

(1) [ ] The Suspension Period will begin _____ *(Enter date not before March 27, 2020)* and end _____. *(Enter date not later than December 31, 2020.)*

(2) [ ] The Extension Period will be _____ . *(Enter period, up to one year, the due date of the loan will be extended, such as "six months.")*

(3) [X] The following additional provisions apply to the loan repayment extension: The loan repayment extension described in Section 4.3 of this Amendment applies only to the extent the due date to repay a loan has been extended for a Qualified Individual. To the extent the Plan does not operationally extend the due date for loan repayment as described in Section 4.3 of this Amendment, it does not apply to the Plan. The Plan Administrator shall document through administrative procedures or otherwise the manner in which the Plan operationally extended the due date for loan repayment as described in Section 4.3 of this Amendment. *(Enter limitations or restrictions which are nondiscriminatory.)*

2.4 **RMD waivers for 2020.** *Unless otherwise elected below, the provisions of Section 5.2 apply and a Participant or Beneficiary who would have been required to receive a 2020 RMD or Extended 2020 RMD* ***will receive*** *the distribution unless the Participant or Beneficiary chooses not to receive the distribution.*

(a) [X] No RMDs without request. The provisions of Section 5.2 apply and a Participant or Beneficiary who would have been required to receive a 2020 RMD or Extended 2020 RMD **will not** receive the distribution unless the Participant or Beneficiary chooses to receive the distribution.

(b) [ ] Split. The provisions of Section 5.2 apply. A Participant or Beneficiary who would have been required to receive a **2020 RMD will not** receive the distribution unless the Participant or Beneficiary chooses to receive the distribution. A Participant or Beneficiary who would have been required to receive an **Extended 2020 RMD will receive** the distribution unless the Participant or Beneficiary chooses not to receive the distribution.

(c) [ ] No change to RMDs. Payment of RMDs or Extended 2020 RMDs will be governed by the terms of the Plan without regard to this Amendment (i.e., no election is available to Participants or Beneficiaries).

(d) [ ] Describe: _____.

For purposes of Section 5.3, the Plan will also treat the following as eligible rollover distributions in 2020: (*Choose one or none of (e), (f), (g), or (h):* If no election is made, then a direct rollover will be offered only for distributions that would be eligible rollover distributions without regard to Code §401(a)(9)(I)):

(e) [ ] 2020 RMDs.

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(f) [ ] 2020 RMDs and Extended 2020 RMDs.
(g) [ ] 2020 RMDs but only if paid with an additional amount that is an eligible rollover distribution without regard to Code §401(a)(9)(I).
(h) [ ] Describe: _____.

The provisions of Article 5, and the elections in this Section 2.4, will be effective on the date specified in Section 2.5. unless a different date is entered here: _____ *(Optional. Enter a date between March 27, 2020 and December 31, 2020. RMD distributions before the selected effective date should have followed plan terms in effect before this Amendment.)*

2.5 **Effective Date.** This Amendment is effective March 27, 2020 (or as soon as practical thereafter), or, if later, the following date: _____. *(Optional. Enter a date not later than December 31, 2020.)*

ARTICLE 3
CORONAVIRUS-RELATED DISTRIBUTIONS

3.1 **Application.** This Article 3 will apply if Section 2.3(b) or Section 2.3(d) is selected.

3.2 **Coronavirus-Related Distribution(s)**. Subject to the provisions described in Section 2.3(d)(4), if any, a Qualified Individual may take one or more Coronavirus-Related Distributions. The accounts from which the amount may be distributed shall be limited if selected in Sections 2.3(d)(1) and (2). However, if the Plan is a Defined Benefit Plan, and the Qualified Individual has not separated from service, the Qualified Individual may not take a Coronavirus-Related Distribution prior to attaining the earlier of Normal Retirement Age or age 59½. The provisions of this Section will apply notwithstanding any limitation in the Plan on partial distributions or any otherwise applicable plan or administrative limits on the number of allowable distributions.

3.3 **Repayment of distribution**. If the Plan permits a Participant to make rollover contributions, then a such a Participant who received a Coronavirus-Related Distribution (from this Plan and/or another eligible retirement plan as defined in Code §402(c)(8)(B)), at any time during the 3-year period beginning on the day after receipt of the distribution, may make one or more contributions to the Plan, as rollover contributions, in an aggregate amount not to exceed the amount of such distribution.

3.4 **Definition of Coronavirus-Related Distribution**. A "Coronavirus-Related Distribution" means a distribution to a Qualified Individual during the period beginning January 1, 2020 and ending December 30, 2020. The total amount of Coronavirus-Related Distributions to a Qualified Individual pursuant to this Amendment from all plans maintained by the Employer, or any related employer described in Code §414(b), (c), (m), or (o), shall not exceed $100,000, (or such lesser amount specified in Section 2.3(d)(3)). The Coronavirus-Related Distributions from the Plan to a Qualified Individual will not exceed the amount of the individual's vested account balance or the present value of the individual's vested accrued benefit.

ARTICLE 4
PARTICIPANT LOAN RELIEF

4.1 **Application.** This Article 4 will apply only if the Plan permits participant loans. Section 4.2 will apply if Section 2.3(b) or Section 2.3(e) is selected. Section 4.3 will apply if Section 2.3(b) or Section 2.3(f) is selected.

4.2 **Increased loan limit**. Notwithstanding the loan limitation that otherwise would apply, the Plan will determine the loan limit under Code §72(p)(2)(A) for a loan to a Qualified Individual, made during the period beginning March 27, 2020 and ending September 22, 2020, by substituting "$100,000" (or such lesser amount specified in Section 2.3(e)(1)) for "$50,000," and by substituting "100% (or such lesser percentage specified in Section 2.3(e)(2)) of the present value of the nonforfeitable accrued benefit of the

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employee under the Plan" for "one-half of the present value of the nonforfeitable accrued benefit of the employee under the Plan" (or its equivalent). The provisions described in Section 2.3(e)(3), if any, will apply in connection with loans to Qualified Individuals.

4.3 **Extension of certain repayments**. If a Qualified Individual has an outstanding loan from the Plan on or after March 27, 2020, then: (1) if the date for any repayment of such loan occurs during the Suspension Period, the due date is extended for the Extension Period; (2) the due date of the loan will be extended by the Extension Period; (3) the Plan will adjust any subsequent repayments to reflect the extension of the due date and any interest accrued during the Suspension Period; and (4) the Plan will disregard the Extension Period in determining the 5-year period and the loan term under Code §72(p)(2)(B) or (C). The provisions described in Section 2.3(f)(3), if any, will apply in connection with the suspension and extension described in this Section. The Suspension Period, unless otherwise specified in Section 2.3(f)(1), will begin March 27, 2020 and end December 31, 2020. The Extension Period, unless otherwise specified in Section 2.3(f)(2) will be one year. The provisions of this Section 4.3 will be applied in accordance with Section 5.B. of Notice 2020-50, or any subsequent applicable guidance, and the adjustment described in (3) may reflect the "safe harbor" described therein.

ARTICLE 5
WAIVER OF 2020 REQUIRED MINIMUM DISTRIBUTIONS (RMDs)

5.1 **Application.** This Article 5 will apply only to defined contribution plans, including 401(k) Plans, Profit-Sharing Plans, Money Purchase Pension Plans, and 403(b) Plans. The definitions in Section 5.4 will apply in interpreting Section 2.4.

5.2 **Waiver; default provision.** This Section 5.2 will apply unless Section 2.4(c) is selected or to the extent 2.4(d) overrides it. Notwithstanding the provisions of the Plan relating to RMDs, whether a Participant or Beneficiary who would have been required to receive 2020 RMDs, and who would have satisfied that requirement by receiving distributions that are (1) equal to the 2020 RMDs, or (2) Extended 2020 RMDs will receive those distributions is determined in accordance with the option chosen in Section 2.4. Notwithstanding the option chosen in Section 2.4, a Participant or Beneficiary will be given an opportunity to make an election as to whether or not to receive those distributions. If the Plan permits a Beneficiary of a deceased Participant to make the election to use the 5-year rule or the life expectancy rule, the deadline to make the election may be extended to reflect the adoption of Code §401(a)(9)(I).

5.3 **Direct rollovers.** Notwithstanding the provisions of the Plan relating to required minimum distributions under Code §401(a)(9), and solely for purposes of applying the direct rollover provisions of the Plan, certain additional distributions in 2020, as elected by the Employer in Section 2.4, will be treated as eligible rollover distributions. If no election is made by the Employer in Section 2.4, then a direct rollover will be offered only for distributions that would be eligible rollover distributions without regard to Code §401(a)(9)(I).

5.4 **Definitions. "RMDs"** means required minimum distributions described in Code §401(a)(9). **"2020 RMDs"** means required minimum distributions the Plan would have been required to distribute in 2020 (or permitted to pay in 2021 for the 2020 calendar year for a Participant with a required beginning date of April 1, 2021) but for the enactment of Code §401(a)(9)(I). **"Extended 2020 RMDs"** means one or more payments in a series of substantially equal distributions (that include the 2020 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.

5.5 **Installment payments.** A Participant or Beneficiary receiving payment of 2020 RMDs or 2020 Extended RMDs pursuant to this Article 5 may receive them in any method (including installments or partial distributions) which would have been permitted under the terms of the Plan if the amounts would have been RMDs but for the enactment of Code §401(a)(9)(I).

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* * * * * *

Document Provider Name: Empower Retirement, LLC

The Document Provider executed this Amendment on.

By: Signature on file_____
(Authorized signer for Document Provider)

Employer:

The Employer executed this Amendment on _____, _____ .
(enter date)

By: _____
(Authorized Signer for Employer)

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AMENDMENT TO IMPLEMENT SECURE ACT AND OTHER LAW CHANGES

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY MONEY PURCHASE PENSION PLAN

ARTICLE 1
PREAMBLE

1.1 **Adoption and effective date of Amendment.** The Document Provider, on behalf of the Employer, hereby adopts this Amendment to the Employer's Plan. Each Article specifies the effective date of its provisions. Also see Section 1.5.

1.2 **Superseding of inconsistent provisions.** This Amendment supersedes the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this Amendment. Except as otherwise provided in this Amendment, terms defined in the Plan will have the same meaning in this Amendment. Most Articles include definitions which are specific to that Article. Also see Section 1.6.

1.3 **Numbering.** Except as otherwise provided in this Amendment, any "Section" reference in this Amendment refers only to this Amendment and is not a reference to the Plan. The Article and Section numbering in this Amendment is solely for purposes of this Amendment, and does not relate to the Plan article, section, or other numbering designations.

1.4 **Intention; Construction.** The purpose of this amendment is to amend the Plan in accordance with pension-related provisions of the Further Consolidated Appropriations Act of 2019 ("FCAA") in general, and Division O of that Act, the Setting Every Community Up for Retirement Enhancement Act of 2019 ("SECURE"), in specific. It also addresses a provision of the Bipartisan American Miners Act ("BAMA"), which is also part of FCAA, as well as a section of the Coronavirus Aid, Relief, and Economic Security Act ("CARES"). The provisions of this Amendment shall be interpreted and applied to be consistent with FCAA and CARES and IRS guidance issued in connection therewith, whether such guidance is issued before or after the date of this amendment.

1.5 **Effect of subsequent restatement or amendment of Plan.** If the Employer restates the Plan, then this Amendment shall remain in effect after such restatement unless the provisions in this Amendment are restated or otherwise become obsolete (e.g., if the Plan is restated onto a plan document which incorporates these provisions). Some Articles in this amendment may not apply to a particular plan at the time the Amendment is executed but they will apply in the future based on subsequent amendments.

1.6 **Preservation of prior amendments.** If the Employer previously amended the Plan after December 20, 2019 to implement a provision contained in one or more Articles of this Amendment, that prior amendment shall remain in effect and will not be superseded by this Amendment, unless Section 1.6(a) is selected. For example, if the Employer previously adopted an amendment to implement the BAMA provisions of Article 10, that amendment remains in effect, notwithstanding the provisions of this Amendment, unless Section 1.6(a) is selected.

(a) [ ] This amendment supersedes all prior inconsistent amendments of the Plan.

1.7 **Adoption by Document Provider.** The Document Provider hereby adopts this Amendment on behalf of all of the Document Provider's plans adopted by its adopting employers. The adoption by the Document Provider becomes applicable with respect to an Employer's Plan on the Effective Date (or, if later, the Effective Date of the Plan), unless the Employer individually adopts this Amendment, or an alternative amendment, prior to the expiration of the remedial amendment period relating to this Amendment.

ARTICLE 2
INSTRUCTIONS; ELECTIONS

2.1 **Instructions.** Select 2.3a if all defaults are accepted at Provider level. Select 2.3b and as applicable 2.4 - 2.10 if the Document Provider wishes to select other than the default for a particular provision. If no changes are made by the Employer, the Employer does not need to sign. However, if the Employer wishes to make a change from the Provider's defaults, they may make selections below and the Employer must then execute the amendment.

2.2 **Plan Type Definitions.** "Qualified Plan" means a Profit-Sharing Plan or Money Purchase Pension Plan.

2.3 **Operating Elections.** Many subsequent Articles of this Amendment refer to elections appearing in this Article 2. Each of Sections 2.4 through 2.10 refers to a corresponding Article. For example, Section 2.4 has the elections related to Article 4. The definitions in those Articles apply to the elections in the corresponding Section of this Article 2, and those elections have the same effective date as the corresponding Article. Each Section of this Article lists the default provisions which will apply if no election is made. If you accept the default(s), there is no need to complete the Section. There are no elective provisions which apply to Article 3 or Articles 11 through 14. The following are the defaults and a summary of the Articles for which there are no elections.

- Article 3. Reserved.
- Article 4. QBADs are not permitted.
- Article 5. Distributions of RMDs will not begin before a Participant turns 72.

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- Article 6. The Plan will apply its RMD provisions with respect to the 5-year rule in administering the 10-year rule.
- Article 7. RMDs subject to 5-Year Rule for participants who died from 2015 through 2019 are extended one year unless the beneficiary objects.
- Article 8. Reserved.
- Article 9. Reserved.
- Article 10. The amendment does not modify the minimum age for in-service distributions.
- Article 11. Administrative policy can permit distributions of Discontinued Lifetime Income Investments.
- Article 12. Updated RMD tables and 2022 transition.
- Article 13. Permits retroactive plan adoption.
- Article 14. Difficulty of care payments are compensation for purposes of Code §415 only.

Check (a) or (b).

(a) [ ] All defaults apply. *Skip the rest of Article 2 and sign the amendment.*
(b) [X] One or more defaults do not apply. *Complete those sections in Article 2 for which you do not accept the default; then sign the amendment.*

2.4 **Article 4 – Birth/Adoption Distributions.** In the absence of an election below, Article 4 does NOT apply. To permit QBADs (Qualified Birth and Adoption Distributions), check (a). If QBADs are available, they apply to all accounts except as provided in Article 4 or in elections (b), (c), (d), or (e). *(Select all that apply.)*

(a) [ ] Article 4 applies effective January 1, 2020, unless a different date is selected in (1) below.
  (1) [ ] _____. (*Enter date after December 31, 2019.*)
(b) [ ] QBADs may only be made from accounts in which the Participant is fully vested.
(c) [ ] QBADs are only available from the following Accounts *(select one or more)*:
  (1) [ ] Employer matching contributions
  (2) [ ] Employer contributions other than matching
  (3) [ ] Rollover contributions
  (4) [ ] Transferred accounts
    Permitted from the following assets attributable to (select one or both):
    a. [ ] non-pension assets
    b. [ ] pension assets (e.g., from a Money Purchase Pension Plan)
  (5) [ ] Mandatory Employee Contributions
  (6) [ ] Describe: _____ *(must be definitely determinable and not subject to discretion)*
(d) [ ] QBADs are not available if the Participant has severed employment.
(e) [ ] Describe additional limitations: _____ *(must be definitely determinable and not subject to discretion)*

2.5 **Article 5 – RMD Timing.** Unless Section 2.5(a) is selected, distribution of RMDs will begin for Affected Participants no sooner than April 1 of the calendar year following the year the Participant attains age 72.

(a) [ ] Distribution of RMDs to Affected Participants will NOT be delayed on account of this Amendment (i.e., distributions will generally commence no later than April 1 of the calendar year following the year the Affected Participant attains age 70½), in accordance with Section 5.5. This election is effective for distributions after December 31, 2019, except as specified below *(Optional: select either or both of (1) or (2))*:
  (1) [ ] Section 5.5 is effective for distributions after _____ and prior to the earlier of January 1, 2022 or the date entered in 2.5(a)(2). *(Enter date on or after December 31, 2019.)*
  (2) [ ] Section 5.5 is repealed for distributions after _____ *(enter date on or after the date entered in 2.5(a)(1) and before January 1, 2022)*, subject to the anti-cutback rule of Code §411(d)(6) to the extent applicable.

2.6 **Article 6 – 10-Year Rule for Beneficiary RMDs.** RMDs to an Eligible Designated Beneficiary of a Participant who dies prior to the Participant's RBD will be made as elected below. In the absence of an election in Section 2.6, the Plan's provisions about Beneficiary elections with regard to the 5-Year Rule will apply, substituting the 10-Year Rule for the 5-Year Rule.

(a) [ ] **Beneficiary election.** The Eligible Designated Beneficiary may elect application of the 10-Year Rule or the Life Expectancy rule. If the Beneficiary does not make a timely election *(Select one of (1) or (2))*:
  (1) [ ] **10-year rule.** The 10-year rule applies to the Eligible Designated Beneficiary.
  (2) [ ] **Life Expectancy Rule.** The Life Expectancy rule applies to the Eligible Designated Beneficiary.
(b) [ ] **10-year rule.** The 10-year rule applies to the Eligible Designated Beneficiary.
(c) [ ] **Life Expectancy rule.** The Life Expectancy rule applies to the Eligible Designated Beneficiary.
(d) [ ] **Shorter Period.** The entire interest of the Eligible Designated Beneficiary will be distributed no later than December 31, _____ *(enter a number of years, not exceeding "10")* year(s) following the year of the Participant's death.
(e) [ ] **Other:** *(Describe, e.g., the 10-Year Rule applies to all Beneficiaries other than a surviving spouse Beneficiary.)*
_____

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2.7 **Article 7 – CARES RMD Waivers; 5-Year Rule.** Unless the Employer elects otherwise below, beneficiaries of Applicable Participant Accounts will have the option to extend distribution under the 5-Year Rule by one year, and in the absence of a beneficiary election the extension will apply.

(a) [ ] **No extension without request.** The provisions of Section 7.2 apply but in the absence of a beneficiary election the extension will NOT apply.
(b) [ ] **Not Apply.** Article 7 will **NOT** apply to this Plan.

2.8 **Article 8 – Reserved.**

2.9 **Article 9 – Reserved.**

2.10 **Article 10 – In-Service Distributions.** In the absence of an election below, Article 10 does NOT apply. To permit in-service distributions at age 59½ for pension plans, c*heck (a). Check (b) to specify an age greater than 59½. If Article 10 applies, it applies to all Accounts except as limited in Article 10.*

(a) [X] Article 10 applies effective on or after the first day of the first plan year beginning after December 31, 2019, unless a different date is selected in (1) below.
(1) [X] April 1, 2026 . (*Enter date on or after the first day of the first plan year beginning after December 31, 2019.*)
(b) [ ] Age at which in-service distributions are permitted _____ (*Enter age greater than 59½.*) This provision applies effective on or after the first day of the first plan year beginning after December 31, 2019, unless a different date is selected in (1) below.
(1) [ ] _____. (*Enter date on or after the first day of the first plan year beginning after December 31, 2019.*)

ARTICLE 3
RESERVED

ARTICLE 4
BIRTH/ADOPTION DISTRIBUTIONS – SECURE Act §113

4.1 **Application.** This Article 4 will apply only if the Employer elects in Section 2.4(a) for this Article 4 to apply, effective on the date specified in Section 2.4(a).

4.2 **Distribution Authorized.** Except as limited by Section 2.4 (b), (c), (e), a Participant may request a distribution of up to $5,000 (per child or Eligible Adoptee) as a QBAD. The Participant may request the distribution whether or not the Participant has severed employment unless Section 2.4(d) is selected. This $5,000 limit shall be reduced by QBADs to the Participant made with respect to the same child or Eligible Adoptee by other plans maintained by the Employer or a related employer described in Code §414(b), (c), (m), or (o). However, if the Plan is a Money Purchase Pension Plan (or the account from which the distribution is withdrawn was transferred from a Money Purchase Pension Plan), and the Participant has not separated from service, the Participant may not take a QBAD prior to attaining the earlier of Normal Retirement Age or age 59½. The Plan Administrator may adopt a policy imposing frequency limitations or other reasonable administrative conditions for QBADs.

4.3 **Definitions.** The following definitions apply for this Article 4 and Section 2.4:

(a) A "**QBAD**" is a Qualified Birth or Adoption Distribution described in Code §72(t)(2)(H)(iii). A QBAD must be made during the 1-year period beginning on the date on which a child of the Participant is born or on which the legal adoption of an Eligible Adoptee by the Participant is finalized.

(b) An "**Eligible Adoptee**" is an individual, other than a child of the Participant's spouse, who has not attained age 18 or is physically or mentally incapable of self-support. An individual is considered physically or mentally incapable of self-support if that individual is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or to be of long-continued and indefinite duration. This provision shall be applied in a manner consistent with Part D of IRS Notice 2020-68.

4.4 **Rollover.** A Participant who received one or more QBADs from this Plan may, if the Plan then permits the Participant to make rollover contributions, make one or more contributions in an aggregate amount not to exceed the amount of such QBADs. The Plan will treat such a contribution as a rollover contribution made by direct trustee-to-trustee transfer within 60 days of distribution.

4.5 **Reliance.** The Plan Administrator may rely on an individual's reasonable representation that the individual is eligible to receive a QBAD unless the Plan Administrator has actual knowledge to the contrary.

4.6 **Status.** A QBAD is not an eligible rollover distribution for purpose of the obligation to permit a direct rollover under Code §401(a)(31), the notice requirement of Code §402(f), or the mandatory withholding rules of Code §3405(c)(1).

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ARTICLE 5
REQUIRED BEGINNING DATE – SECURE Act §114

5.1 **Application.** This Article 5 will apply to all plans, regardless of type. It is effective with regard to RMDs required to be made after December 31, 2019.

5.2 **Delay of Required Beginning Date.** An Affected Participant's RBD shall not be earlier than April 1 of the calendar year following the year the Affected Participant attains age 72. For purposes of determining an Affected Participant's RBD, an Affected Participant will be treated as a more than 5% owner if the Participant was a 5-percent owner (as defined in Code §416(i)(1)(B)) as to the Plan Year ending in the calendar year the Participant attains age 72.

5.3 **Spousal Distributions.** If an Affected Participant dies prior to the Participant's RBD, and the Participant's sole Designated Beneficiary is the Participant's surviving spouse, then the RMDs 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 72, if later. However, this Section will apply only if the Plan, prior to this Amendment, permitted a surviving spouse to delay RMD distributions to December 31 of the calendar year in which the Participant would have attained age 70½.

5.4 **Definitions.** The following definitions apply for this Article 5 and Section 2.5:

(a) A Participant is an "**Affected Participant**" if the Participant was born after June 30, 1949.

(b) An "**RMD**" is a Required Minimum Distribution as described in Code §401(a)(9).

(c) A Participant's "**RBD**" is the Participant's Required Beginning Date as described in Code §401(a)(9)(C), as amplified by Section 5.2.

5.5 **Optional Distribution Timing.** If the Employer elects in Section 2.5(a) for this Section 5.5 to apply, the timing and form of distributions to an Affected Participant will be determined as though this Article 5 had not been adopted. Distributions pursuant to this paragraph, which are not RMDs, will be treated as eligible rollover distributions for purposes of the direct rollover provisions of Code §401(a)(31). This Section 5.5 will no longer be effective for distributions after December 31, 2021, or, if earlier, the date specified in Section 2.5(a)(2).

ARTICLE 6
BENEFICIARY RMDS – SECURE Act §401

6.1 **Application.** This Article 6 will apply to all plans. This Article will not apply to qualified annuities described in SECURE Act §401(b)(4)(B).

6.2 **Effective Date.** Except as provided in Section 6.4, Article 6 will apply to Participants who die on or after the Effective Date of this Article. Generally, the Effective Date of this Article is January 1, 2022. The Effective Date of this Article 6 in the case of a collectively-bargained plan will be the date determined in SECURE Act §401(b)(2). See Section 6.5 regarding the limited application of this Article to certain accounts of Participants who died before the Effective Date of this Article.

6.3 **Death before RBD.** If the Participant dies before the Participant's RBD, the Plan will distribute or commence distribution of the Participant's Vested Accrued Benefit not later than as follows:

(a) **No Designated Beneficiary.** If there is no Designated Beneficiary as of September 30 of the year following the calendar year of the Participant's death, the Beneficiary's entire interest will be distributed under the 5-Year Rule.

(b) **Eligible Designated Beneficiary.** If the distributee of a Participant's account is an Eligible Designated Beneficiary, the Beneficiary's entire interest will be distributed under the Life Expectancy Rule unless the 10-Year Rule applies. The Employer may elect application of the Life Expectancy rule or the 10-Year Rule in Section 2.6. In the absence of an election in Section 2.6, the Plan's provisions with regard to election of the 5-Year Rule will apply, substituting the 10-Year Rule for the 5-Year Rule. A permitted Beneficiary election must be made no later than the earlier of December 31 of the calendar year in which distribution would be required to begin under the Life Expectancy Rule, or by December 31 of the calendar year which contains the tenth anniversary of the Participant's (or, if applicable, surviving spouse's) death.

(c) **Other Designated Beneficiaries.** If the distributee of the Participant's account is a Designated Beneficiary who is not an Eligible Designated Beneficiary, then the Beneficiary's entire interest will be distributed under the 10-Year Rule.

(d) **10-Year Rule.** If distribution of a deceased Participant's account thereof is subject to the "10-Year Rule," then the Plan will distribute the account in full no later than December 31 of the tenth year following the year of the Participant's death. No RMDs are required to be distributed from the account prior to that date.

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6.4 **Death after RBD.** If the Participant dies on or after the Participant's RBD, the Participant's remaining interest will be distributed at least as rapidly as under the method of distribution being used as of the date of the participant's death, using the Life Expectancy Rule, as, and to the extent, provided by applicable guidance. If the Beneficiary is a Designated Beneficiary that is not an Eligible Designated Beneficiary, the Plan will distribute the remaining account in full no later than December 31 of the tenth year following the year of the Participant's death.

6.5 **Beneficiary Death.** If an Eligible Designated Beneficiary receiving distributions under the Life Expectancy Rule dies before receiving distribution of the Beneficiary's entire interest in the Participant's account, the Plan will distribute that interest in full no later than December 31 of the 10th year following the year of the Eligible Designated Beneficiary's death. Similarly, if a Participant died before the Effective Date of this Article 6, and the beneficiary died after such Effective Date, but prior to receiving full distribution of the beneficiary's interest, the Plan will distribute that interest in full no later than December 31 of the tenth year following the year of the beneficiary's death.

6.6 **Age of Majority.** If a child of the Participant was receiving distributions under the Life Expectancy rule, when the child reaches the age of Majority, the Plan will distribute the child's account in full no later than 10 years after that date, provided the child is not otherwise an Eligible Designated Beneficiary, such as a disabled or chronically ill individual.

6.7 **Definitions; operating rules.** The following definitions and operating rules apply for this Article 6 and Section 2.6:

(a) An "**RMD**" is a Required Minimum Distribution as described in Code §401(a)(9).

(b) A Participant's "**RBD**" is the Participant's Required Beginning Date as described in Code §401(a)(9)(C) and the Plan. Also see Section 5.2.

(c) A distributee of a Participant's account is a "**Designated Beneficiary**" if the distributee is an individual or trust who is a beneficiary of the account (whether pursuant to a designation by the Participant or application of the Plan terms) and who is a designated beneficiary under Code §401(a)(9) and Treas. Reg. §1.401(a)(9)-4, Q&As-4 and -5.

(d) An individual is an "**Eligible Designated Beneficiary**" of a Participant if the individual qualifies as a Designated Beneficiary and is (1) the Participant's spouse, (2) the Participant's child who has not reached the age of Majority, (3) an individual not more than 10 years younger than the Participant, (4) a disabled individual, as defined in Code §72(m)(7), or (5) an individual who has been certified to be chronically ill (as defined in Code §7702B(c)(2)) for a reasonably lengthy period, or indefinitely. Certain trusts may be treated as Eligible Designated Beneficiaries pursuant to Code §401(a)(9)(H)(iv) and (v).

(e) Whether a child has reached the age of "**Majority**" is determined under Code §401(a)(9)(F) and applicable regulations and guidance issued thereunder.

(f) The "**Life Expectancy Rule**" for distributing RMDs is described in Code §401(a)(9)(B)(iii) and is further described in the Plan.

(g) The "**5-Year Rule**" for distributing RMDs is described in Code §401(a)(9)(B)(ii) and is further described in the Plan.

(h) The "**10-Year Rule**" is described in Section 6.3(d).

(i) **Shorter period.** Section 2.6(e) may specify a shorter period to be used in place of the tenth year after the death of a Participant or Beneficiary.

(j) **Separate share rule.** All references in this Article to a Participant's Account and a Beneficiary's interest in that account will be applied separately to each separate account determined under Treas. Reg. §1.401(a)(9)-8, Q&A 2 and 3, and Code §401(a)(9)(H)(iv).

ARTICLE 7
EXTENSION OF 5-YEAR RULE FOR RMDS – CARES §2203

7.1 **Application.** This Article 7 does not apply if the Employer has selected Section 2.7(b); otherwise, it is effective January 1, 2020.

7.2 **Waiver; default provision.** The beneficiary of an Applicable Participant Account will have the option to extend the deadline to distribute the account for one year. The default in the absence of a beneficiary election will be to extend the distribution, unless the Employer elects in Section 2.7(a) for the default to be not to extend unless the beneficiary requests it.

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7.3 **Definitions.** The following definitions apply for this Article 7 and Section 2.7:

(a) "**RMDs**" means required minimum distributions described in Code §401(a)(9).

(b) The "**5-Year Rule**" for distributing RMDs is described in Code §401(a)(9)(B)(ii) and is further described in the Plan.

(c) "**Applicable Participant Account**" means the remaining account of a Participant who died during the years 2015-2019, to the extent the account is subject to the 5-Year Rule.

ARTICLE 8
RESERVED

ARTICLE 9
RESERVED

ARTICLE 10
IN-SERVICE PENSION DISTRIBUTIONS – BAMA §104

10.1 **Application.** This Article 10 will apply only if the Plan is a Money Purchase Pension Plan or, as described in Section 10.3, a Profit-Sharing Plan, and the Employer elects in Section 2.10 for this Article 10 to apply, effective on the date specified in Section 2.10(a).

10.2 **Distribution at 59½.** A Participant can take an in-service distribution at age 59½, or, if later, the age (if any) specified in Section 2.10(b). Such a distribution will be limited to the vested portion of the Participant's accrued benefit or account and will be subject to all Plan provisions related to in-service distributions.

10.3 **Limited application to Profit-Sharing Plans.** If the Employer elects in Section 2.10 for this Article 10 to apply, this Article 10 will apply to an account in a Profit-Sharing Plan which holds assets transferred from a Money Purchase Pension Plan or a Defined Benefit Plan.

ARTICLE 11
DISTRIBUTIONS OF DISCONTINUED LIFETIME INCOME INVESTMENTS – SECURE §109

11.1 **Application.** This Article 11 is effective for Plan Years beginning after December 31, 2019.

11.2 **Distributions authorized.** The Plan Administrator may authorize Participants to request, and as soon as practical after a Participant makes a request the Plan will make, a distribution of a Discontinued Lifetime Income Investment. Distribution under this Article is limited to the 90-day period prior to the date on which the Lifetime Income Investment is no longer authorized to be held as an investment option under the Plan. Such distribution will be in the form of a Qualified Distribution, or in the form of a Qualified Plan Distribution Annuity Contract, as determined by the Plan Administrator. The Plan Administrator will administer this section in a reasonable, nondiscriminatory manner, and may authorize distributions of some Discontinued Lifetime Income Investments and not others.

11.3 **Definitions.** The terms "**Lifetime Income Investment**," "**Qualified Distribution**" and "**Qualified Plan Distribution Annuity Contract**" have the meanings set forth in Code §401(a)(38)(B). A "**Discontinued Lifetime Income Investment**" is a Lifetime Income Investment which will no longer be authorized to be held as an investment option under the Plan.

ARTICLE 12
UPDATED LIFE EXPECTANCY TABLES – TREAS. REG. §1.401(a)(9)-9

12.1 **Application.** This Article 12 will apply to all plans and is effective for distribution calendar years beginning on or after January 1, 2022.

12.2 **New RMD Tables.** Any Plan reference to the life expectancy tables detailed in Treas. Reg. §1.401(a)(9), such as the Uniform Life Table, the Single Life Table, or the Joint and Last Survivor Table, refers to these tables as published in Treas. Reg. §1.401(a)(9)-9 from time to time, and is subject to adjustment as described in Treas. Reg. §1.401(a)(9)-9(f).

ARTICLE 13
ADOPTION OF PLAN AFTER YEAR END – SECURE §201

13.1 **Application.** This Article 13 is effective for Plan Years beginning after December 31, 2019.

13.2 **Retroactive Plan Adoption.** If the Employer adopted the underlying Plan to which this Amendment relates after the close of a taxable year, but prior to the due date (including extensions) of the Employer's federal income tax return for that taxable year, the Plan is treated as having been adopted as of the last day of the taxable year if the Plan's initial effective date is any date within that taxable year. However, no Participant may make elective deferrals to the Plan prior to the date it was adopted.

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ARTICLE 14
DIFFICULTY OF CARE PAYMENTS – SECURE §116

14.1 **Application.** This Article 14 is effective for Plan Years beginning after December 31, 2015.

14.2 **Inclusion in 415 Compensation.** The amount of a Participant's Compensation for purposes of determining the annual addition limit under Code §415(c)(1)(B) is increased by the amount of Difficulty of Care Payments the Employer makes to the Participant.

14.3 **Definition.** A "**Difficulty of Care Payment**" is a payment described in Code §131(c)(1) made in connection with qualified foster individuals.

Except with respect to any election made by the employer in Article 2, this Amendment is hereby adopted by the Document Provider on behalf of all adopting employers.

Signature and date on file
(signature and date)

Document Provider Name: Empower Retirement, LLC

NOTE: The Employer only needs to execute this Amendment if the Employer has made different selections from the Document Provider's selections.

This Amendment has been executed this _____ day of _____, _____ .

Name of Plan: Municipal Water District of Orange County Money Purchase Pension Plan

Name of Employer: Municipal Water District of Orange County

By: _____
EMPLOYER

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AMENDMENT TO IMPLEMENT INCREASE OF MANDATORY CASH-OUT LIMIT TO $7,000 UNDER SECURE 2.0

ARTICLE 1
PREAMBLE

1.1 **Adoption and effective date of Amendment**. The Employer hereby adopts this Amendment to the Plan identified below. Where the article specifies an effective date, the provision begins on that date or shortly thereafter as administratively practicable.

1.2 **Superseding of inconsistent provisions**. This Amendment supersedes the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this Amendment. Except as otherwise provided in this Amendment, terms defined in the Plan will have the same meaning in this Amendment.

1.3 **Numbering.** Except as otherwise provided in this Amendment, any "Section" reference in this Amendment refers only to this Amendment and is not a reference to the Plan. The Article and Section numbering in this Amendment is solely for purposes of this Amendment, and does not relate to the Plan article, section, or other numbering designations.

1.4 **Intention; Construction**. The purpose of this amendment is to amend the Plan in accordance with SECURE 2.0 Act of 2022 ("SECURE 2.0"), enacted by Congress as Division T of the Consolidated Appropriations Act of 2023, and shall be interpreted and applied accordingly. The provisions of this Amendment, and any policies and procedures issued or modified pursuant to this amendment, shall be interpreted and applied to be consistent with SECURE 2.0 and IRS and DOL guidance issued in connection therewith, whether such guidance is issued before or after the date of this amendment. The Plan Administrator may, but is not required to, reduce such policies or procedures to writing.

ARTICLE 2
IDENTIFICATION

2.1 **Identifying information.**

A. Name of Employer: Municipal Water District of Orange County

B. Name of Plan: Municipal Water District of Orange County Money Purchase Pension Plan

ARTICLE 3
INCREASE IN CASH-OUT LIMIT – SECURE 2.0 §310

3.1 **Increase in Cash-Out Limit**. $5,000 limits in the Plan related to mandatory distribution (i.e., involuntary cash-out) provisions are increased to $7,000 effective for:

(a) [ ] Distributions made on or after April 1, 2024.
(b) [X] Distributions made on or after April 1, 2026. (*Enter date after December 31, 2023.*)

* * * * * * *

This Amendment has been executed this ___ day of _____, 20__.

By: _____

_____
[Print Name, Title]

GREAT-WEST TRUST COMPANY, LLC
NON-STANDARDIZED GOVERNMENTAL 401(A) PRE-APPROVED PLAN

TABLE OF CONTENTS

ARTICLE I
DEFINITIONS

ARTICLE II
ADMINISTRATION

2.1 POWERS AND RESPONSIBILITIES OF THE EMPLOYER 10
2.2 DESIGNATION OF ADMINISTRATIVE AUTHORITY 11
2.3 ALLOCATION AND DELEGATION OF RESPONSIBILITIES 11
2.4 POWERS AND DUTIES OF THE ADMINISTRATOR 11
2.5 RECORDS AND REPORTS 12
2.6 APPOINTMENT OF ADVISERS 12
2.7 INFORMATION FROM EMPLOYER 12
2.8 PAYMENT OF EXPENSES 12
2.9 MAJORITY ACTIONS 12
2.10 CLAIMS PROCEDURES 12

ARTICLE III
ELIGIBILITY

3.1 CONDITIONS OF ELIGIBILITY 14
3.2 EFFECTIVE DATE OF PARTICIPATION 14
3.3 DETERMINATION OF ELIGIBILITY 14
3.4 TERMINATION OF ELIGIBILITY 14
3.5 REHIRED EMPLOYEES AND 1-YEAR BREAKS IN SERVICE 14
3.6 ELECTION NOT TO PARTICIPATE 15
3.7 OMISSION OF ELIGIBLE EMPLOYEE; INCLUSION OF INELIGIBLE EMPLOYEE 15

ARTICLE IV
CONTRIBUTION AND ALLOCATION

4.1 FORMULA FOR DETERMINING EMPLOYER'S CONTRIBUTION 16
4.2 TIME OF PAYMENT OF EMPLOYER'S CONTRIBUTION 16
4.3 ALLOCATION OF CONTRIBUTION, FORFEITURES AND EARNINGS 16
4.4 MAXIMUM ANNUAL ADDITIONS 18
4.5 ADJUSTMENT FOR EXCESS ANNUAL ADDITIONS 21
4.6 ROLLOVERS 21
4.7 PLAN-TO-PLAN TRANSFERS FROM QUALIFIED PLANS 22
4.8 MANDATORY EMPLOYEE CONTRIBUTIONS 22
4.9 AFTER-TAX VOLUNTARY EMPLOYEE CONTRIBUTIONS 22
4.10 PARTICIPANT DIRECTED INVESTMENTS 23
4.11 QUALIFIED MILITARY SERVICE 24
4.12 INSTRUCTIONS TO ADMINISTRATOR AND NOTIFICATION TO PARTICIPANTS 24

ARTICLE V
VALUATIONS

5.1 VALUATION OF THE TRUST FUND 25

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5.2 METHOD OF VALUATION 25

ARTICLE VI
DETERMINATION AND DISTRIBUTION OF BENEFITS

6.1 DETERMINATION OF BENEFITS UPON RETIREMENT 25
6.2 DETERMINATION OF BENEFITS UPON DEATH 25
6.3 DETERMINATION OF BENEFITS IN EVENT OF DISABILITY 26
6.4 DETERMINATION OF BENEFITS UPON TERMINATION 26
6.5 DISTRIBUTION OF BENEFITS 27
6.6 DISTRIBUTION OF BENEFITS UPON DEATH 29
6.7 TIME OF DISTRIBUTION 31
6.8 REQUIRED MINIMUM DISTRIBUTIONS 31
6.9 DISTRIBUTION FOR MINOR OR INCOMPETENT INDIVIDUAL 35
6.10 LOCATION OF PARTICIPANT OR BENEFICIARY UNKNOWN 35
6.11 IN-SERVICE DISTRIBUTION 36
6.12 DISTRIBUTION FOR HARDSHIP 36
6.13 QUALIFIED DOMESTIC RELATIONS ORDER DISTRIBUTION 37
6.14 DIRECT ROLLOVERS 37
6.15 RESTRICTIONS ON DISTRIBUTION OF ASSETS TRANSFERRED FROM A MONEY PURCHASE PLAN 38
6.16 CORRECTIVE DISTRIBUTIONS 38
6.17 SERVICE CREDIT PURCHASES 38
6.18 UNCASHED CHECKS 39
6.19 39

ARTICLE VII
TRUST, TRUSTEE AND CUSTODIAN

7.1 CONFLICT WITH PLAN 39
7.2 POWERS AND DUTIES OF CUSTODIAN 39
7.3 LIFE INSURANCE 39
7.4 LOANS TO PARTICIPANTS 40
7.5 PLAN-TO-PLAN TRANSFERS 40

ARTICLE VIII
AMENDMENT, TERMINATION AND MERGERS

8.1 AMENDMENT 41
8.2 TERMINATION 41
8.3 MERGER, CONSOLIDATION OR TRANSFER OF ASSETS 41

ARTICLE IX
MISCELLANEOUS

9.1 EMPLOYER ADOPTIONS 42
9.2 PARTICIPANT'S RIGHTS 42
9.3 ALIENATION 42
9.4 PLAN COMMUNICATIONS, INTERPRETATION AND CONSTRUCTION 42
9.5 GENDER, NUMBER AND TENSE 43

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9.6 LEGAL ACTION ... 43
9.7 PROHIBITION AGAINST DIVERSION OF FUNDS ... 43
9.8 EMPLOYER'S AND TRUSTEE'S PROTECTIVE CLAUSE ... 43
9.9 INSURER'S PROTECTIVE CLAUSE ... 43
9.10 RECEIPT AND RELEASE FOR PAYMENTS ... 44
9.11 ACTION BY THE EMPLOYER ... 44
9.12 APPROVAL BY INTERNAL REVENUE SERVICE ... 44
9.13 PAYMENT OF BENEFITS ... 44
9.14 ELECTRONIC MEDIA ... 44
9.15 PLAN CORRECTION ... 44
9.16 NONTRUSTEED PLANS ... 44

ARTICLE X
PARTICIPATING EMPLOYERS

10.1 ELECTION TO BECOME A PARTICIPATING EMPLOYER ... 45
10.2 REQUIREMENTS OF PARTICIPATING EMPLOYERS ... 45
10.3 DESIGNATION OF AGENT ... 45
10.4 EMPLOYEE TRANSFERS ... 45
10.5 PARTICIPATING EMPLOYER'S CONTRIBUTION AND FORFEITURES ... 45
10.6 AMENDMENT ... 45
10.7 DISCONTINUANCE OF PARTICIPATION ... 46
10.8 ADMINISTRATOR'S AUTHORITY ... 46

ARTICLE XI
MULTIPLE EMPLOYER PROVISIONS

11.1 ELECTION AND OVERRIDING EFFECT ... 46
11.2 DEFINITIONS ... 46
11.3 PARTICIPATING EMPLOYER ELECTIONS ... 46
11.4 TESTING ... 46
11.5 COMPENSATION ... 46
11.6 SERVICE ... 47
11.7 COOPERATION AND INDEMNIFICATION ... 47
11.8 INVOLUNTARY TERMINATION ... 47
11.9 VOLUNTARY TERMINATION ... 48
11.10 DESIGNATION OF AGENT ... 48

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ARTICLE I
DEFINITIONS

As used in this Plan, the following words and phrases shall have the meanings set forth herein unless a different meaning is clearly required by the context:

1.1 "Account" means any separate notational account established and maintained by the Administrator for each Participant under the Plan. To the extent applicable, a Participant may have any (or all) of the following notational Accounts:

(a) "Combined Account" means the account representing the Participant's total interest under the Plan resulting from Employer contributions. In addition, Forfeitures are part of the Combined Account to the extent they are reallocated.

(b) "Mandatory Contribution Account" means the account established hereunder to which mandatory Employee contributions made pursuant to Section 4.8 are allocated, to the extent such contributions are not picked-up by the Employer pursuant to Code §414(h). A Participant's Mandatory Contribution Account shall be fully Vested at all times.

(c) "Rollover Account" means the account established hereunder to which amounts transferred from a qualified plan or individual retirement account in accordance with Section 4.6 are allocated.

(d) "Transfer Account" means the account established hereunder to which amounts transferred to this Plan from a direct plan-to-plan transfer in accordance with Section 4.7 are allocated.

(e) "Voluntary Contribution Account" means the account established hereunder to which after-tax voluntary Employee contributions made pursuant to Section 4.9 are allocated.

1.2 "Administrator" means the Employer unless another person, entity or committee has been designated by the Employer pursuant to Section 2.2 to administer the Plan on behalf of the Employer.

1.3 "Adoption Agreement" means the separate agreement which is executed by the Employer and sets forth the elective provisions of this Plan as specified by the Employer.

1.4 "Affiliated Employer" means any entity required to be aggregated with the Employer pursuant to Code §414.

1.5 "Alternate Payee" means an alternate payee pursuant to a qualified domestic relations order that meets the requirements of Code §414(p).

1.6 "Anniversary Date" means the last day of the Plan Year.

1.7 "Annuity Starting Date" means, with respect to any Participant, the first day of the first period for which an amount is paid as an annuity, or, in the case of a benefit not payable in the form of an annuity, the first day on which all events have occurred which entitles the Participant to such benefit.

1.8 "Beneficiary" means the person (or entity) to whom all or a portion of a deceased Participant's interest in the Plan is, or may become, payable upon the Participant’s death as identified in records maintained by the Plan, subject to the restrictions of Sections 6.2 and 6.6.

1.9 "Code" means the Internal Revenue Code of 1986, as it may be amended from time to time and includes applicable Internal Revenue Service (IRS) guidance.

1.10 "Compensation" means, with respect to any Participant, the amount determined in accordance with the following provisions, except as otherwise provided in the Adoption Agreement.

(a) **Base definition.** One of the following, as elected in the Adoption Agreement:

(1) Information required to be reported under Code §§6041, 6051 and 6052 (Wages, tips and other compensation as reported on Form W-2). Compensation means 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. Compensation must be 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 (such as the exception for agricultural labor in Code §3401(a)(2)).

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(2) Code §3401(a) Wages. Compensation means an Employee's 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 (such as the exception for agricultural labor in Code §3401(a)(2)).

(3) 415 safe harbor compensation. Compensation means wages, salaries, Military Differential Pay, and fees for professional services and other amounts received (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with the Employer maintaining the Plan to the extent that the amounts are includible in gross income (including, but not limited to, commissions paid salespersons, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, bonuses, fringe benefits, and reimbursements, or other expense allowances under a nonaccountable plan (as described in Regulation §1.62-2(c))), and excluding the following:

(i) Employer contributions to a plan of deferred compensation which are not includible in the Employee's gross income for the taxable year in which contributed, or Employer contributions under a simplified employee pension plan to the extent such contributions are excludable from the Employee's gross income, or any distributions from a plan of deferred compensation;

(ii) Amounts realized from the exercise of a nonqualified 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; and

(iv) Other amounts which receive special tax benefits, such as premiums for group term life insurance (but only to the extent that the premiums are not includible in the gross income of the Employee and are not salary reduction amounts under Code §125), whether or not the contributions are actually excludable from the gross income of the Employee.

(b) **Paid during "determination period."** Compensation shall include only that Compensation which is actually paid to the Participant during the "determination period." Except as otherwise provided in this Plan, the "determination period" is the period elected by the Employer in the Adoption Agreement. If the Employer makes no election, the "determination period" shall be the Plan Year.

(c) **Inclusion of deferrals.** Notwithstanding the above, unless otherwise elected in the Adoption Agreement, Compensation shall include all of the following types of elective contributions and all of the following types of deferred compensation:

(1) Elective contributions that are made by the Employer on behalf of a Participant that are not includible in gross income under Code §§125, 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k) and 403(b). If specified in Appendix A to the Adoption Agreement (Special Effective Dates and Other Permitted Elections), amounts under Code §125 shall be deemed to include any amounts 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. An amount will be treated as an amount under Code §125 pursuant to the preceding sentence 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.

(2) Compensation deferred under an eligible deferred compensation plan within the meaning of Code §457(b).

(3) Employee contributions described in Code §414(h)(2) that are picked up by the employing unit and thus are treated as Employer contributions.

(d) **Post-severance compensation – Code §415 Regulations.** The Administrator shall adjust Compensation for amounts that would otherwise be included in the definition of Compensation but are paid by the later of 2 1/2 months after a Participant's severance from employment with the Employer or the end of the Plan Year that includes the date of the Participant's severance from employment with the Employer, in accordance with the following, as elected in the Compensation Section of the Adoption Agreement. The preceding time period, however, does not apply with respect to payments described in Subsections (4) and (5) below. Any other payment of compensation paid after severance of employment that is not described in the following types of compensation is not considered Compensation, even if payment is made within the time period specified above.

(1) **Regular pay.** Compensation shall include regular pay after severance of employment (to the extent otherwise included in the definition of Compensation) if:

(i) The payment is regular compensation for services during the Participant's regular working hours, or compensation for services outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments; and

(ii) The payment would have been paid to the Participant prior to a severance from employment if the Participant had continued in employment with the Employer.

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(2) **Leave cash-outs.** Compensation shall include leave cash-outs if those amounts would have been included in the definition of Compensation if they were paid prior to the Participant's severance from employment with the Employer, and the amounts are for unused accrued bona fide sick, vacation, or other leave, but only if the Participant would have been able to use the leave if employment had continued.

(3) **Deferred compensation.** Compensation shall include deferred compensation if those amounts would have been included in the definition of Compensation if they were paid prior to the Participant's severance from employment with the Employer, and the amounts are received pursuant to a nonqualified unfunded deferred compensation plan, but only if the payment would have been paid at the same time if the Participant had continued in employment with the Employer and only to the extent the payment is includible in the Participant's gross income.

(4) **Military Differential pay.** Compensation shall include payments to an individual who does not currently perform services for the Employer by reason of qualified military service (as that term is used in Code §414(u)(1)) to the extent those payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the Employer rather than entering qualified military service.

(5) **Disability pay.** Compensation shall include compensation paid to a Participant who is permanently and totally disabled, as defined in Code §22(e)(3), provided, as elected by the Employer in the Compensation Section of the Adoption Agreement, salary continuation applies to all Participants who are permanently and totally disabled.

(e) **Compensation Dollar limitation.** For any Plan Year (or other applicable determination period) Compensation in excess of $275,000 shall be disregarded for all purposes. The dollar amount shall be adjusted by the Commissioner for increases in the cost-of-living in accordance with Code §401(a)(17)(B). The cost-of-living adjustment in effect for a calendar year applies to any "determination period" beginning with or within such calendar year. If a "determination period" consists of fewer than twelve (12) months, the $275,000 annual Compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the "determination period," and the denominator of which is twelve (12). In applying any Plan limitation on the amount of matching contributions, where such limits are expressed as a percentage of Compensation, the Administrator may apply the Compensation limit under this Section annually, even if the matching contribution formula is applied on any time interval which is less than the full Plan Year or the Administrator may pro rate the Compensation limit.

In the case of an "eligible Participant," the dollar limitation under Code §401(a)(17) shall not apply to the extent the amount under the Plan would be reduced below the amount which was allowed to be taken into account under the Plan as in effect on July 1, 1993. For purposes of this provision, an "eligible Participant" is an individual who first became a Participant before the first Plan Year beginning after the earlier of (i) the Plan Year in which the Plan was amended to reflect Code §401(a)(17), or (ii) December 31, 1995.

(f) **Non-eligible Employee.** If, in the Adoption Agreement, the Employer elects to exclude a class of Employees from the Plan, then Compensation for any Employee who becomes eligible or ceases to be eligible to participate during a "determination period" shall only include Compensation while the Employee is an Eligible Employee.

(g) **Amendment.** If, in connection with the adoption of any amendment, the definition of Compensation has been modified, then, except as otherwise provided herein, for Plan Years prior to the Plan Year which includes the adoption date of such amendment, Compensation means compensation determined pursuant to the terms of the Plan then in effect.

(h) **Affiliated Employers.** Affiliated Employers are treated as one Employer for purposes of Compensation. If, however, one or more Affiliated Employers are Participating Employers and the Plan (including the Adoption Agreement or a participation agreement) allocate Employer Contributions separately among the Employees directly employed by a Participating Employer, then, in computing such allocations, Compensation paid by other Participating Employers is excluded Compensation.

1.11 "Contract" or "Policy" means any life insurance policy, retirement income policy, or annuity contract (group or individual) issued by the Insurer. In the event of any conflict between the terms of this Plan and the terms of any contract purchased hereunder, the Plan provisions shall control.

1.12 "Custodian" means a person or entity that has custody of all or any portion of the Plan assets.

1.13 "Directed Trustee" means a Trustee who, with respect to the investment of Plan assets, is subject to the direction of the Administrator, the Employer, a properly appointed Investment Manager, or Plan Participant.

1.14 "Discretionary Trustee" means a Trustee who has the authority and discretion to invest, manage or control any portion of the Plan assets.

1.15 "Early Retirement Date" means the date specified in the Adoption Agreement on which a Participant has satisfied the requirements specified in the Adoption Agreement (Early Retirement Age). If elected in the Adoption Agreement, a Participant shall become fully Vested upon satisfying such requirements if the Participant is still employed at the Early Retirement Age.

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A Participant who severs from employment after satisfying any service requirement but before satisfying the age requirement for Early Retirement Age and who thereafter reaches the age requirement contained herein shall be entitled to receive benefits under this Plan (other than any accelerated vesting and allocations of Employer contributions) as though the requirements for Early Retirement Age had been satisfied.

1.16 "Effective Date" means the date this Plan, including any restatement or amendment of this Plan, is effective. Where the Plan is restated or amended, a reference to Effective Date is the effective date of the restatement or amendment, except where the context indicates a reference to an earlier Effective Date. If any provision of this Plan is retroactively effective, the provisions of this Plan generally control. However, if the provision of this Plan is different from the provision of the Employer's prior plan document and, after the retroactive Effective Date of this Plan, the Employer operated in compliance with the provisions of the prior plan, then the provision of such prior plan is 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.

The Employer may designate special effective dates for individual provisions under the Plan where provided in the Adoption Agreement or under Appendix A to the Adoption Agreement (Special Effective Dates and Other Permitted Elections). 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).

1.17 "Eligible Employee" means any Eligible Employee as elected in the Adoption Agreement and as provided herein.

(a) **"Reclassified Employees."** An individual shall not be an Eligible Employee (unless otherwise elected in Appendix A to the Adoption Agreement) if such individual is a "Reclassified Employee. " A "Reclassified Employee" is any person the Employer does not treat as a common law employee or as a self-employed individual (including, but not limited to, independent contractors, persons the Employer pays outside of its payroll system and out-sourced workers) for federal income tax withholding purposes under Code §3401(a), irrespective of whether there is a binding determination that the individual is an Employee or a Leased Employee of the Employer. Self-Employed Individuals are not "Reclassified Employees."

(b) **Affiliated Employers.** Employees of an Affiliated Employer will not be treated as Eligible Employees prior to the date the Affiliated Employer adopts the Plan as a Participating Employer.

(c) **Union Employees.** If, in the Adoption Agreement, the Employer elects to exclude union employees, then Employees whose employment is governed by a collective bargaining agreement between the Employer and "employee representatives" under which retirement benefits were the subject of good faith bargaining, shall not be eligible to participate in this Plan to the extent of employment covered by such agreement, unless the agreement provides for coverage in the Plan (see Section 4.1(d)). For this purpose, the term "employee representatives" does not include any organization more than half of whose members are employees who are owners, officers, or executives of the Employer. If a Participant performs services both as a collectively bargained Employee and as a non-collectively bargained Employee, then the Participant's Hours of Service in each respective category are treated separately.

(d) **Nonresident aliens.** If, in the Adoption Agreement, the Employer elects to exclude nonresident aliens, then Employees who are nonresident aliens (within the meaning of Code §7701(b)(1)(B)) who received no earned income (within the meaning of Code §911(d)(2)) from the Employer which constitutes income from sources within the United States (within the meaning of Code §861(a)(3)) shall not be eligible to participate in this Plan. In addition, this paragraph shall also apply to exclude from participation in the Plan an Employee who is a nonresident alien (within the meaning of Code §7701(b)(1)(B)) but who receives earned income (within the meaning of Code §911(d)(2)) from the Employer that constitutes income from sources within the United States (within the meaning of Code §861(a)(3)), if all of the Employee's earned income from the Employer from sources within the United States is exempt from United States income tax under an applicable income tax convention. The preceding sentence will apply only if all Employees described in the preceding sentence are excluded from the Plan.

1.18 "Employee" means any person who is employed by the Employer. The term "Employee" shall also include any person who is an employee of an Affiliated Employer and any Leased Employee deemed to be an Employee as provided in Code §414(n) or (o).

1.19 "Employer" means the governmental entity specified in the Adoption Agreement, any successor which shall maintain this Plan and any predecessor which has maintained this Plan. In addition, unless the context means otherwise, the term "Employer" shall include any Participating Employer which shall adopt this Plan. This plan may only be adopted a state or local governmental entity, or agency thereof, including an Indian tribal government, and may not be adopted by any other entity, including a federal government and any agency or instrumentality thereof.

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1.20 **"Fiscal Year"** means the Employer's accounting year.

1.21 "Forfeiture" means that portion of a Participant's Account that is not Vested and is disposed of in accordance with the provisions of the Plan.

A Forfeiture will occur on the following, as elected by the Employer in the Adoption Agreement:

(a) The last day of the Plan Year in which a Participant incurs five (5) consecutive 1-Year Breaks in Service, or

(b) The distribution of the entire Vested portion of the Participant's Account of a Participant who has severed employment with the Employer. For purposes of this provision, if the Participant has a Vested benefit of zero, then such Participant shall be deemed to have received a distribution of such Vested benefit as of the year in which the severance of employment occurs. For this purpose, a Participant's Vested benefit shall not include: (i) qualified voluntary employee contributions within the meaning of Code §72(o)(5)(B), and (ii) the Participant's Rollover Account.

(c) As soon as reasonable practical after the date a Participant severs employment.

Regardless of the preceding, if a Participant is eligible to share in the allocation of Forfeitures in the year in which the Forfeiture would otherwise occur, then the Forfeiture will not occur until the end of the first Plan Year for which the Participant is not eligible to share in the allocation of Forfeitures. Furthermore, the term "Forfeiture" shall also include amounts deemed to be Forfeitures pursuant to any other provision of this Plan.

1.22 "Former Employee" means an individual who has severed employment with the Employer or an Affiliated Employer.

1.23 "415 Compensation" means, with respect to any Participant, such Participant's (a) Wages, tips and other compensation on Form W-2, (b) Code §3401(a) wages or (c) 415 safe harbor compensation as elected in the Adoption Agreement for purposes of Compensation (and as defined in Subsections 1.10(a)(1)-3 respectively). 415 Compensation shall be based on the full Limitation Year regardless of when participation in the Plan commences. Furthermore, regardless of any election made in the Adoption Agreement, 415 Compensation shall include any elective deferral (as defined in Code §§402(e)(3), 402(k) and 402(h)(1)(B)) and any amount which is contributed or deferred by the Employer at the election of the Participant and which is not includible in the gross income of the Participant by reason of Code §§125, 457, and 132(f)(4). If the Plan contains pick-up provisions (certain contributions designated as employee contributions, that are then "picked-up" by the Employer), then those pick-up contributions are not includible as Compensation for purposes of IRC §415 & Reg. §1.415-2(d)(2)(i). In addition, Military Differential Pay is treated as 415 Compensation.

(a) **Deemed 125 compensation.** If elected in Appendix A to the Adoption Agreement (Special Effective Dates and Other Permitted Elections), 415 Compensation shall also include deemed §125 compensation. Deemed §125 compensation is an amount that is excludable under §106 that is not available to a participant in cash in lieu of group health coverage under a §125 arrangement solely because the participant is unable to certify that he or she has other health coverage. An amount will be treated as an amount under Code §125 pursuant to the preceding sentence 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.

(b) **Post-severance compensation.** The Administrator shall adjust 415 Compensation for amounts that would otherwise be included in the definition of 415 Compensation but are paid by the later of 2 1/2 months after a Participant's severance from employment with the Employer or the end of the Limitation Year that includes the date of the Participant's severance from employment with the Employer, in accordance with the following, as elected in the Compensation Section of the Adoption Agreement. The preceding time period, however, does not apply with respect to payments described in Subsections (4) and (5) below. Any other payment of compensation paid after severance of employment that is not described in the following types of compensation is not considered 415 Compensation, even if payment is made within the time period specified above.

(1) **Regular pay.** 415 Compensation shall include regular pay after severance of employment (to the extent otherwise included in the definition of 415 Compensation) if:

(i) The payment is regular compensation for services during the Participant's regular working hours, or compensation for services outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments; and

(ii) The payment would have been paid to the Participant prior to a severance from employment if the Participant had continued in employment with the Employer.

(2) **Leave cash-outs.** 415 Compensation shall include leave cash-outs if those amounts would have been included in the definition of 415 Compensation if they were paid prior to the Participant's severance from employment with the Employer, and the amounts are for unused accrued bona fide sick, vacation, or other leave, but only if the Participant would have been able to use the leave if employment had continued.

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(3) **Deferred compensation.** 415 Compensation shall include deferred compensation if those amounts would have been included in the definition of 415 Compensation if they were paid prior to the Participant's severance from employment with the Employer, and the amounts are received pursuant to a nonqualified unfunded deferred compensation plan, but only if the payment would have been paid if the Participant had continued in employment with the Employer and only to the extent the payment is includible in the Participant's gross income.

(4) **Military Differential Pay.** 415 Compensation shall include payments to an individual who does not currently perform services for the Employer by reason of qualified military service (as that term is used in Code §414(u)(1)) to the extent those payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the Employer rather than entering qualified military service.

(5) **Disability pay.** 415 Compensation shall include compensation paid to a Participant who is permanently and totally disabled, as defined in Code §22(e)(3), provided, as elected by the Employer in the Compensation Section of the Adoption Agreement, salary continuation applies to all Participants who are permanently and totally disabled for a fixed or determinable period, or the Participant was not a highly compensated employee (within the meaning of Code §414(q)) immediately before becoming disabled.

(c) **Back pay.** Back pay, within the meaning of Regulations §1.415(c)-2(g)(8), shall be treated as Compensation for the Limitation Year to which the back pay relates to the extent the back pay represents wages and compensation that would otherwise be included under this definition.

(d) **Dollar limitation.** 415 Compensation will be limited to the same dollar limitations set forth in Section 1.10(e) adjusted in such manner as permitted under Code §415(d).

(e) **Amendment.** Except as otherwise provided herein, if, in connection with the adoption of any amendment, the definition of 415 Compensation has been modified, then for Plan Years prior to the Plan Year which includes the adoption date of such amendment, 415 Compensation means compensation determined pursuant to the terms of the Plan then in effect.

1.24 "Hour of Service" means (a) each hour for which an Employee is directly or indirectly compensated or entitled to compensation by the Employer for the performance of duties during the applicable computation period (these hours will be credited to the Employee for the computation period in which the duties are performed); (b) each hour for which an Employee is directly or indirectly compensated or entitled to Compensation by the Employer (irrespective of whether the employment relationship has terminated) for reasons other than performance of duties (such as vacation, holidays, sickness, incapacity (including disability), jury duty, lay-off, military duty or leave of absence) during the applicable computation period; (c) each hour for which back pay is awarded or agreed to by the Employer without regard to mitigation of damages (these hours will be credited to the Employee for the computation period or periods to which the award or agreement pertains rather than the computation period in which the award, agreement or payment is made). The same Hours of Service shall not be credited both under (a) or (b), as the case may be, and under (c).

Notwithstanding (b) above, (1) no more than 501 Hours of Service will be credited to an Employee on account of any single continuous period during which the Employee performs no duties (whether or not such period occurs in a single computation period); (2) an hour for which an Employee is directly or indirectly paid, or entitled to payment, on account of a period during which no duties are performed is not required to be credited to the Employee if such payment is made or due under a plan maintained solely for the purpose of complying with applicable workers' compensation, or unemployment compensation or disability insurance laws; and (3) Hours of Service are not required to be credited for a payment which solely reimburses an Employee for medical or medically related expenses incurred by the Employee. Furthermore, for purposes of (b) above, a payment shall be deemed to be made by or due from the Employer regardless of whether such payment is made by or due from the Employer directly, or indirectly through, among others, a trust fund, or insurer, to which the Employer contributes or pays premiums and regardless of whether contributions made or due to the trust fund, insurer, or other entity are for the benefit of particular Employees or are on behalf of a group of Employees in the aggregate.

Hours of Service will be credited for employment with all Affiliated Employers and for any individual considered to be a Leased Employee pursuant to Code §414(n) or 414(o) and the Regulations thereunder.

Hours of Service will be determined using the actual hours method unless one of the methods below is elected in the Adoption Agreement. If the **actual hours** method is used to determine Hours of Service, an Employee is credited with the actual Hours of Service the Employee completes with the Employer or the number of Hours of Service for which the Employee is paid (or entitled to payment).

If the **days worked** method is elected, an Employee will be credited with ten (10) Hours of Service if under the Plan such Employee would be credited with at least one (1) Hour of Service during the day.

If the **weeks worked** method is elected, an Employee will be credited with forty-five (45) Hours of Service if under the Plan such Employee would be credited with at least one (1) Hour of Service during the week.

If the **semi-monthly payroll periods worked** method is elected, an Employee will be credited with ninety-five (95) Hours of Service if under the Plan such Employee would be credited with at least one (1) Hour of Service during the semi-monthly payroll period.

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If the **months worked** method is elected, an Employee will be credited with one hundred ninety (190) Hours of Service if under the Plan such Employee would be credited with at least one (1) Hour of Service during the month.

If the **bi-weekly payroll periods worked** method is elected, an Employee will be credited with ninety (90) Hours of Service if under the Plan such Employee would be credited with at least one (1) Hour of Service during the bi-weekly payroll period.

1.25 "Insurer" means any legal reserve insurance company which has issued or shall issue one or more Contracts or Policies under the Plan.

1.26 "Investment Manager" means a person or entity which renders investment advice for a fee or other compensation, direct or indirect, with respect to any monies or property of the Plan and which is appointed in accordance with Section 2.1(b).

1.27 "Joint and Survivor Annuity" means an immediate annuity for the life of a Participant with a survivor annuity for the life of the Participant's Spouse which is not less than fifty percent (50%), nor more than one hundred percent (100%) of the amount of the annuity payable during the joint lives of the Participant and the Participant's Spouse which can be purchased with the Participant's Vested interest in the Plan reduced by any outstanding loan balances pursuant to Section 7.4.

1.28 "Late Retirement Date" means the date of, or the first day of the month or the Anniversary Date coinciding with or next following, whichever corresponds to the election in the Adoption Agreement for the Normal Retirement Date, a Participant's actual retirement after having reached the Normal Retirement Date.

1.29 "Leased Employee" means any person (other than an Employee of the recipient Employer) who, pursuant to an agreement between the recipient Employer and any other person or entity ("leasing organization"), has performed services for the recipient (or for the recipient and related persons determined in accordance with Code §414(n)(6)) on a substantially full time basis for a period of at least one year, and such services are performed under primary direction or control by the recipient Employer. Contributions or benefits provided a Leased Employee by the leasing organization which are attributable to services performed for the recipient Employer shall be treated as provided by the recipient Employer. Furthermore, Compensation for a Leased Employee shall only include compensation from the leasing organization that is attributable to services performed for the recipient Employer.

A Leased Employee shall not be considered an employee of the recipient Employer if: (a) such employee is covered by a money purchase pension plan providing: (1) a non-integrated employer contribution rate of at least ten percent (10%) of compensation, as defined in Code §415(c)(3), (2) immediate participation, and (3) full and immediate vesting; and (b) leased employees do not constitute more than twenty percent (20%) of the recipient Employer's nonhighly compensated workforce.

1.30 "Limitation Year" means the "determination period" used to determine Compensation. However, the Employer may elect a different Limitation Year in Appendix A to the Adoption Agreement (Special Effective Dates and Other Permitted Elections). All qualified plans maintained by the Employer must use the same Limitation Year. Furthermore, unless there is a change to a new Limitation Year, the Limitation Year will be a twelve (12) consecutive month period. In the case of an initial Limitation Year, the Limitation Year will be the twelve (12) consecutive month period ending on the last day of the period specified in the Adoption Agreement. If the Limitation Year is amended to a different twelve (12) consecutive month period, the new "Limitation Year" must begin on a date within the "Limitation Year" in which the amendment is made. The Limitation Year may only be changed by a Plan amendment. Furthermore, if the Plan is terminated effective as of a date other than the last day of the Plan's Limitation Year, then the Plan is treated as if the Plan had been amended to change its Limitation Year.

1.31 "Military Differential Pay" means any differential wage payments made to an individual that represents an amount which, when added to the individual's military pay, approximates the amount of Compensation that was paid to the individual while working for the Employer. An individual receiving a differential wage payment, as defined by Code §3401(h)(2), is treated as an Employee of the Employer making the payment.

1.32 "Nonelective Contribution" means the Employer's contributions to the Plan.

1.33 "Normal Retirement Age" means the age elected in the Adoption Agreement at which time a Participant's Account shall be nonforfeitable (if elected in the Adoption Agreement and if the Participant is employed by the Employer on or after that date). For money purchase pension plans, if the employer enforces a mandatory retirement age, then the Normal Retirement Age is the lesser of that mandatory age or the age specified in the Adoption Agreement. Upon attaining Normal Retirement Age or the stated age and completion of the required years of service and any other reasonable requirements set forth in the Plan, the Plan will provide for full vesting of an Employee's interest.

1.34 "Normal Retirement Date" means the date elected in the Adoption Agreement.

1.35 "1-Year Break in Service" means, if the Hour of Service method is used, the applicable computation period that is used to determine a Year of Service during which an Employee or Former Employee has not completed more than 500 Hours of Service. However, if the Employer selected, in the Service Crediting Method Section of the Adoption Agreement, to define a Year of Service as less than 1,000

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Hours of Service, then the 500 Hours of Service in this definition of 1-Year Break in Service shall be proportionately reduced. Further, solely for the purpose of determining whether an Employee has incurred a 1-Year Break in Service, Hours of Service shall be recognized for "authorized leaves of absence" and "maternity and paternity leaves of absence." For this purpose, Hours of Service shall be credited for the computation period in which the absence from work begins, only if credit therefore is necessary to prevent the Employee from incurring a 1-Year Break in Service, or, in any other case, in the immediately following computation period. The Hours of Service credited for a "maternity or paternity leave of absence" shall be those which would normally have been credited but for such absence, or, in any case in which the Administrator is unable to determine such hours normally credited, eight (8) Hours of Service per day. The total Hours of Service required to be credited for a "maternity or paternity leave of absence" shall not exceed the number of Hours of Service needed to prevent the Employee from incurring a 1-Year Break in Service.

"Authorized leave of absence" means an unpaid, temporary cessation from active employment with the Employer pursuant to an established policy, whether occasioned by illness, military service, or any other reason.

A "maternity or paternity leave of absence" means an absence from work for any period by reason of the Employee's pregnancy, birth of the Employee's child, placement of a child with the Employee in connection with the adoption of such child, or any absence for the purpose of caring for such child for a period immediately following such birth or placement.

If the elapsed time method is elected in the Service Crediting Method Section of the Adoption Agreement, then a "1-Year Break in Service" means a twelve (12) consecutive month period beginning on the severance from service date or any anniversary thereof and ending on the next succeeding anniversary of such date; provided, however, that the Employee or Former Employee does not perform an Hour of Service for the Employer during such twelve (12) consecutive month period.

1.36 "Participant" means any Employee or Former Employee who has satisfied the requirements of Sections 3.1 and 3.2 and entered the Plan and is eligible to accrue benefits under the Plan. In addition, the term "Participant" also includes any individual who was a Participant (as defined in the preceding sentence) and who must continue to be taken into account under a particular provision of the Plan (e.g., because the individual has an Account balance in the Plan).

1.37 "Participant Directed Account" means that portion of a Participant's interest in the Plan with respect to which the Participant has directed the investment in accordance with the Participant Direction Procedures.

1.38 "Participant Direction Procedures" means such instructions, guidelines or policies, the terms of which are incorporated herein, as shall be established pursuant to Section 4.10 and observed by the Administrator and applied and provided to Participants who have Participant Directed Accounts.

1.39 "Participating Employer" means an Employer which, with the consent of the "lead Employer" adopts the Plan pursuant to Section 10.1 or Article XI. In addition, unless the context means otherwise, the term "Employer" shall include any Participating Employer which shall adopt this Plan.

1.40 "Period of Service" means the aggregate of all periods of service commencing with an Employee's first day of employment or reemployment with the Employer or an Affiliated Employer and ending on the first day of a Period of Severance, or for benefit accrual purposes, ending on the severance from service date. The first day of employment or reemployment is the first day the Employee performs an Hour of Service. An Employee who incurs a Period of Severance of twelve (12) months or less will also receive service-spanning credit by treating any such period as a Period of Service for purposes of eligibility and vesting (but not benefit accrual). For purposes of benefit accrual, a Participant's whole year Periods of Service is equal to the sum of all full and partial periods of service, whether or not such service is continuous or contiguous, expressed in the number of whole years represented by such sum. For this purpose, fractional periods of a year will be expressed in terms of days.

Periods of Service with any Affiliated Employer shall be recognized. Furthermore, Periods of Service with any predecessor employer that maintained this Plan shall be recognized. Periods of Service with any other predecessor employer shall be recognized as elected in the Adoption Agreement.

In determining Periods of Service for purposes of vesting under the Plan, Periods of Service will be excluded as elected in the Adoption Agreement and as specified in Section 3.5.

In the event the method of crediting service is amended from the Hour of Service method to the elapsed time method, an Employee will receive credit for a Period of Service consisting of:

(a) A number of years equal to the number of Years of Service credited to the Employee before the computation period during which the amendment occurs; and

(b) The greater of (1) the Periods of Service that would be credited to the Employee under the elapsed time method for service during the entire computation period in which the transfer occurs or (2) the service taken into account under the Hour of Service method as of the date of the amendment.

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In addition, the Employee will receive credit for service subsequent to the amendment commencing on the day after the last day of the computation period in which the transfer occurs.

1.41 "Period of Severance" means a continuous period of time during which an Employee is not employed by the Employer. Such period begins on the date the Employee retires, quits or is discharged, or if earlier, the twelve (12) month anniversary of the date on which the Employee was otherwise first absent from service.

In the case of an individual who is absent from work for "maternity or paternity" reasons, the twelve (12) consecutive month period beginning on the first anniversary of the first day of such absence shall not constitute a one year Period of Severance. For purposes of this paragraph, an absence from work for "maternity or paternity" reasons means an absence (a) by reason of the pregnancy of the individual, (b) by reason of the birth of a child of the individual, (c) by reason of the placement of a child with the individual in connection with the adoption of such child by such individual, or (d) for purposes of caring for such child for a period beginning immediately following such birth or placement.

1.42 "Plan" means this instrument hereinafter referred to as Great-West Trust Company, LLC Non-Standardized Governmental 401(a) Pre-Approved Plan (Basic Plan Document #03 and the Adoption Agreement) as adopted by the Employer, including all amendments thereto and any appendix which is specifically permitted pursuant to the terms of the Plan.

1.43 "Plan Year" means the Plan's accounting year as specified in the Adoption Agreement. Unless there is a Short Plan Year, the Plan Year will be a twelve-consecutive month period.

1.44 "Pre-Retirement Survivor Annuity" means an immediate annuity for the life of a Participant's Spouse, the payments under which must be equal to the benefit which can be provided with the percentage, as specified in the Adoption Agreement, of the Participant's Vested interest in the Plan as of the date of death. If no election is made in the Adoption Agreement, the percentage shall be equal to fifty percent (50%). Furthermore, if less than one hundred percent (100%) of the Participant's Vested interest in the Plan is used to provide the Pre-Retirement Survivor Annuity, a proportionate share of each of the Participant's Accounts subject to the Pre-Retirement Survivor Annuity shall be used to provide the Pre-Retirement Survivor Annuity.

1.45 "Regulation" means the Income Tax Regulations as promulgated by the Secretary of the Treasury or a delegate of the Secretary of the Treasury, and as amended from time to time.

1.46 "Retirement Date" means the date as of which a Participant retires for reasons other than Total and Permanent Disability, regardless of whether such retirement occurs on a Participant's Normal Retirement Date, Early Retirement Date or Late Retirement Date (see Section 6.1).

1.47 "Short Plan Year" means, if specified in the Adoption Agreement or as the result of an amendment, a Plan Year of less than a twelve (12) month period. If there is a Short Plan Year, the following rules shall apply in the administration of this Plan. In determining whether an Employee has completed a Year of Service (or Period of Service if the elapsed time method is used) for benefit accrual purposes in the Short Plan Year, the number of the Hours of Service (or months of service if the elapsed time method is used) required shall be proportionately reduced based on the number of days (or months) in the Short Plan Year.

1.48 "Spouse" means, a spouse as determined under federal tax law. In addition, with respect to benefits or rights not mandated by law, Spouse also includes a spouse as elected in Appendix A to the Adoption Agreement (Special Effective Dates and Other Permitted Elections).

1.49 "Terminated Participant" means a person who has been a Participant, but whose employment has been terminated with the Employer (including an Affiliated Employer) or applicable Participating Employer, other than by death, Total and Permanent Disability or retirement.

1.50 "Total and Permanent Disability" means, unless otherwise specified in Appendix A to the Adoption Agreement (Special Effective Dates and Other Permitted Elections), the inability to engage in any substantial gainful activity by reason of any 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 twelve (12) months. The disability of a Participant shall be determined by a licensed physician. However, if the condition constitutes total disability under the federal Social Security Acts, the Administrator may rely upon such determination that the Participant is Totally and Permanently Disabled for the purposes of this Plan. The determination shall be applied uniformly to all Participants.

1.51 "Trustee" means any person or entity that has agreed to serve as Trustee pursuant to the terms of the Trust agreement, or any successors thereto. The Employer may designate Trustees by business position or title. In addition, unless the context means, or the Plan provides, otherwise, the term "Trustee" shall mean the Insurer if the Plan is fully insured. The Employer has no reliance on the IRS opinion letter with respect to the separate Trust agreement.

1.52 "Trust Fund" means, if the Plan is funded with a trust, the assets of the Plan and Trust as the same shall exist from time to time.

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1.53 "Valuation Date" means the date or dates specified in the Adoption Agreement. Regardless of any election to the contrary, for purposes of the determination and allocation of earnings and losses, the Valuation Date shall include the Anniversary Date and may include any other date or dates deemed necessary or appropriate by the Administrator for the valuation of Participants' Accounts during the Plan Year, which may include any day that the Trustee (or Insurer), any transfer agent appointed by the Trustee (or Insurer) or the Employer, or any stock exchange used by such agent, are open for business.

1.54 "Vested" means the nonforfeitable portion of any Account maintained on behalf of a Participant.

1.55 "Year of Service" means the computation period of twelve (12) consecutive months, herein set forth, and during which an Employee has completed at least 1,000 Hours of Service (unless a different number of Hours of Service is specified in the Adoption Agreement).

For purposes of eligibility for participation, the initial computation period shall begin with the date on which the Employee first performs an Hour of Service (employment commencement date). Unless otherwise elected in the Service Crediting Method Section of the Adoption Agreement, the succeeding computation periods shall begin on the anniversary of the Employee's employment commencement date. However, unless otherwise elected in the Adoption Agreement, if one (1) Year of Service or less is required as a condition of eligibility, then the computation period after the initial computation period shall shift to the current Plan Year which includes the anniversary of the date on which the Employee first performed an Hour of Service, and subsequent computation periods shall be the Plan Year. If there is a shift to the Plan Year, an Employee who is credited with the number of Hours of Service to be credited with a Year of Service in both the initial eligibility computation period and the first Plan Year which commences prior to the first anniversary of the Employee's initial eligibility computation period will be credited with two (2) Years of Service for purposes of eligibility to participate.

If two (2) (or more) Years of Service are required as a condition of eligibility, a Participant will only have completed two (2) (or more) Years of Service for eligibility purposes upon completing two (2) or more consecutive Years of Service without an intervening 1-Year Break in Service.

For vesting purposes, and all other purposes not specifically addressed in this Section, the computation period shall be the period elected in the Service Crediting Method Section of the Adoption Agreement. If no election is made in the Service Crediting Method Section of the Adoption Agreement, then the computation period shall be the Plan Year.

In determining Years of Service for purposes of vesting under the Plan, Years of Service will be excluded as elected in the Adoption Agreement and as specified in Section 3.5.

Years of Service and 1-Year Breaks in Service for eligibility purposes will be measured on the same eligibility computation period. Years of Service and 1-Year Breaks in Service for vesting purposes will be measured on the same vesting computation period.

Years of Service with any Affiliated Employer shall be recognized. Furthermore, Years of Service with any predecessor employer that maintained this Plan shall be recognized. Years of Service with any other employer shall be recognized as elected in the Adoption Agreement.

In the event the method of crediting service is amended from the elapsed time method to the Hour of Service method, an Employee will receive credit for Years of Service equal to:

(a) The number of Years of Service equal to the number of 1-year Periods of Service credited to the Employee as of the date of the amendment; and

(b) In the computation period which includes the date of the amendment, a number of Hours of Service (using the Hours of Service equivalency method, if any, elected in the Adoption Agreement) to any fractional part of a year credited to the Employee under this Section as of the date of the amendment.

ARTICLE II
ADMINISTRATION

2.1 POWERS AND RESPONSIBILITIES OF THE EMPLOYER

(a) **Appointment of Trustee (or Insurer) and Administrator.** In addition to the general powers and responsibilities otherwise provided for in this Plan, the Employer shall be empowered to appoint and remove one or more Trustees (or Insurers) and Administrators from time to time as it deems necessary for the proper administration of the Plan to ensure that the Plan is being operated for the exclusive benefit of the Participants and their Beneficiaries in accordance with the terms of the Plan and the Code. The Employer may appoint counsel, specialists, advisers, agents (including any nonfiduciary agent) and other persons as the Employer deems necessary or desirable in connection with the exercise of its fiduciary duties under this Plan. The Employer may compensate such agents or advisers from the assets of the Plan as fiduciary expenses (but not including any business (settlor) expenses of the Employer), to the extent not paid by the Employer.

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(b) **Appointment of Investment Manager.** Unless prohibited by the terms of the Trust agreement, the Employer may appoint, at its option, one or more Investment Managers, investment advisers, or other agents to provide investment direction to the Trustee (or Insurer) with respect to any or all of the Plan assets. Such appointment shall be given by the Employer in writing in a form acceptable to the Trustee (or Insurer) and shall specifically identify the Plan assets with respect to which the Investment Manager or other agent shall have the authority to direct the investment.

(c) **Indemnity.** To the extent permitted by the Code, and unless otherwise specified in a separate agreement, the Employer will indemnify and hold harmless the Administrator, officers, directors, shareholders, employees, and agents of the Employer; the Plan; the Trustees, Fiduciaries, Participants and Beneficiaries of the Plan, as well as their respective successors and assigns, against any cause of action, loss, liability, damage, cost, or expense of any nature whatsoever (including, but not limited to, attorney's fees and costs, whether or not suit is brought, as well as IRS plan disqualifications, and other sanctions or compliance fees) arising out of or relating to the Employer's noncompliance with any of the Plan's terms or requirements; any intentional or negligent act or omission the Employer commits with regard to the Plan; and any omission or provision of incorrect information with regard to the Plan which causes the Plan to fail to satisfy the requirements of a tax-qualified plan. This indemnity provision shall continue to apply to the Employer with respect to the period the entity was maintaining this Plan, even if the Employer ceases to maintain the Plan.

2.2 DESIGNATION OF ADMINISTRATIVE AUTHORITY

The Employer may appoint one or more Administrators. If the Employer does not appoint an Administrator, the Employer will be the Administrator. Any person, including, but not limited to, the Employees of the Employer, shall be eligible to serve as an Administrator. Any person so appointed shall signify acceptance by filing written or electronic acceptance with the Employer. An Administrator may resign by delivering a written resignation to the Employer or be removed by the Employer by delivery of written notice of removal, to take effect at a date specified therein, or upon delivery to the Administrator if no date is specified. Upon the resignation or removal of an Administrator, the Employer may designate in writing a successor to this position.

2.3 ALLOCATION AND DELEGATION OF RESPONSIBILITIES

If more than one person is appointed as Administrator, then the responsibilities of each Administrator may be specified by the Employer and accepted in writing by each Administrator. If no such delegation is made by the Employer, then the Administrators may allocate the responsibilities among themselves, in which event the Administrators shall notify the Employer and the Trustee (or Insurer) in writing of such action and specify the responsibilities of each Administrator. The Trustee (or Insurer) thereafter shall accept and rely upon any documents executed by the appropriate Administrator until such time as the Employer or the Administrators file with the Trustee (or Insurer) a written revocation of such designation.

2.4 POWERS AND DUTIES OF THE ADMINISTRATOR

The primary responsibility of the Administrator is to administer the Plan for the exclusive benefit of the Participants and their Beneficiaries, subject to the specific terms of the Plan. The Administrator shall administer the Plan in accordance with its terms and shall have the power and discretion to construe the terms of the Plan and determine all questions arising in connection with the administration, interpretation, and application of the Plan. Benefits under this Plan will be paid only if the Administrator decides in its discretion that the applicant is entitled to them. Any such determination by the Administrator shall be conclusive and binding upon all persons. The Administrator may establish procedures, correct any defect, supply any information, or reconcile any inconsistency in such manner and to such extent as shall be deemed necessary or advisable to carry out the purpose of the Plan; provided, however, that any procedure, discretionary act, interpretation or construction shall be done based upon uniform principles consistently applied and shall be consistent with the intent that the Plan continue to be deemed a qualified plan under the terms of Code §401(a). The Administrator shall have all powers necessary or appropriate to accomplish its duties under this Plan.

The Administrator shall be charged with the duties of the general administration of the Plan and the powers necessary to carry out such duties as set forth under the terms of the Plan, including, but not limited to, the following:

(a) the discretion to determine all questions relating to the eligibility of an Employee to participate or remain a Participant hereunder and to receive benefits under the Plan;

(b) the authority to review and settle all claims against the Plan, including claims where the settlement amount cannot be calculated or is not calculated in accordance with the Plan's benefit formula. This authority specifically permits the Administrator to settle disputed claims for benefits and any other disputed claims made against the Plan;

(c) to compute, certify, and direct agents of the Plan with respect to the amount and the kind of benefits to which any Participant shall be entitled hereunder;

(d) to authorize and direct the Trustee (or Insurer) with respect to all discretionary or otherwise directed disbursements from the Trust Fund;

(e) to maintain all necessary records for the administration of the Plan;

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(f) to interpret the provisions of the Plan and to make and publish such rules for regulation of the Plan that are consistent with the terms hereof;

(g) to determine the size and type of any Contract to be purchased from any Insurer, and to designate the Insurer from which such Contract shall be purchased;

(h) to compute and certify to the Employer and to the Trustee (or Insurer) from time to time the sums of money necessary or desirable to be contributed to the Plan;

(i) to consult with the Employer and agents of the Plan regarding the short and long-term liquidity needs of the Plan;

(j) to assist Participants regarding their rights, benefits, or elections available under the Plan; and

(k) to determine the validity of, and take appropriate action with respect to, any "qualified domestic relations order" received by it.

2.5 RECORDS AND REPORTS

The Administrator shall keep a record of all actions taken and shall keep all other books of account, records, and other data that may be necessary for proper administration of the Plan and shall be responsible for supplying all information and reports to the Internal Revenue Service, Participants, Beneficiaries and others as required by applicable law.

2.6 APPOINTMENT OF ADVISERS

The Administrator may appoint counsel, specialists, advisers, agents (including nonfiduciary agents such as third party administrative services providers and recordkeepers) and other persons as the Administrator deems necessary or desirable in connection with the administration of this Plan, including but not limited to agents and advisers to assist with the administration and management of the Plan, and thereby to provide, among such other duties as the Administrator may appoint, assistance with maintaining Plan records and the providing of investment information to the Plan's investment fiduciaries and, if applicable, to Plan Participants.

2.7 INFORMATION FROM EMPLOYER

The Employer shall supply full and timely information to the Administrator on all pertinent facts as the Administrator may require in order to perform its functions hereunder and the Administrator shall advise appropriate agents of the Plan of such of the foregoing facts as may be pertinent to the agent's duties with respect to the Plan. The Administrator may rely upon such information as is supplied by the Employer and shall have no duty or responsibility to verify such information.

2.8 PAYMENT OF EXPENSES

All reasonable expenses of administration may be paid out of the Plan assets unless paid by the Employer. Such expenses shall include any expenses incident to the functioning of the Administrator, or any person or persons retained or appointed by any named fiduciary incident to the exercise of their duties under the Plan, including, but not limited to, fees of accountants, counsel, Investment Managers, agents (including nonfiduciary agents such as third party administrative services providers and recordkeepers) appointed for the purpose of assisting the Administrator or Trustee (or Insurer) in carrying out the instructions of Participants as to the directed investment of their Accounts (if permitted) and other specialists and their agents and other costs of administering the Plan. If liquid assets of the Plan are insufficient to cover the fees of the Trustee (or Insurer) or the Administrator, then Plan assets shall be liquidated to the extent necessary for such fees. In the event any part of the Plan assets becomes subject to tax, all taxes incurred will be paid from the Plan assets. Until paid, the expenses shall constitute a liability of the Trust Fund.

Expenses may be charged to Account. Unless specifically prohibited under statute, regulation or other guidance of general applicability, the Administrator may charge to the Account of an individual Participant a reasonable charge to offset the cost of making a distribution to the Participant, Beneficiary, or Alternate Payee.

2.9 MAJORITY ACTIONS

Except where there has been an allocation and delegation of administrative authority pursuant to Section 2.3, if there is more than one Administrator, then they shall act by a majority of their number, but may authorize one or more of them to sign all papers on their behalf.

2.10 CLAIMS PROCEDURES

(a) **Non-ERISA provisions**. Sections 2.10(a) and (b) apply unless (1) the Administrator has adopted other Plan provisions or other claims procedures that override all or a portion of the provisions set forth in this Plan Section 2.10, or (2) the Employer has elected in the Adoption Agreement to apply all or some of Subsections (c) – (g) below (which are based on provisions of the Employee Retirement Security Act even though ERISA does not apply to this Plan).

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Any person who believes that he or she is entitled to a benefit under the Plan shall file with the Administrator a written notice of claim for such benefit within 45 days of such right accruing or shall forever waive entitlement to such benefit. Within 120 days after its receipt of such written notice of claim, the Administrator shall either grant or deny such claim provided, however, any delay on the part of the Administrator is arriving at a decision shall not adversely affect benefits payable under a granted claim. The Administrator may, however, implement claims procedures in addition to those provided in this Plan. The implementation of such procedures shall not be considered a Plan amendment that affects an Employer's reliance on this pre-approved plan.

The Administrator and all persons determining or reviewing claims have full discretion to determine benefit claims under the Plan. Any interpretation, determination or other action of such persons shall be subject to review only if it is arbitrary or capricious or otherwise an abuse of discretion. Any review of a final decision or action of the persons reviewing a claim shall be based only on such evidence presented to or considered by such persons at the time they made the decision that is the subject of review.

(b) **Plan Administrator discretion; court review.** The Administrator and all persons determining or reviewing claims have full discretion to determine benefit claims under the Plan. Any interpretation, determination or other action of such persons shall be subject to review only if it is arbitrary or capricious or otherwise an abuse of discretion. Any review of a final decision or action of the persons reviewing a claim shall be based only on such evidence presented to or considered by such persons at the time they made the decision that is the subject of review.

(c) **Initial Claim.** Claims for benefits under the Plan may be filed in writing with the Administrator. Written or electronic notice of the disposition of a claim shall be furnished to the claimant within ninety (90) days (45 days if the claim involves disability benefits and disability is not based on the Social Security Acts) after the application is filed, or such period as is required by applicable law or Department of Labor regulation. Any electronic notification shall comply with the standards imposed by Department of Labor Regulation §2520.104b-1(c)(1)(i), (iii) and (iv) or any subsequent guidance. In the event the claim is denied, the reasons for the denial shall be specifically set forth in the notice in language calculated to be understood by the claimant, pertinent provisions of the Plan shall be cited, and, where appropriate, an explanation as to how the claimant can perfect the claim will be provided. In addition, the claimant shall be furnished with an explanation of the Plan's claims review procedure.

(d) **Claims review.** Any Employee, Former Employee, or Beneficiary of either, who has been denied a benefit by a decision of the Administrator pursuant to Section 2.10 shall be entitled to request the Administrator to give further consideration to the claim by filing with the Administrator a written request. Such request, together with a written statement of the reasons why the claimant believes such claim should be allowed, shall be filed with the Administrator no later than sixty (60) days after receipt of the written notification provided for in this Section 2.10(c). A final decision as to the allowance of the claim shall be made by the Administrator within sixty (60) days (45 days if the claim involves disability benefits and disability is not based on the Social Security Acts) of receipt of the appeal (unless there has been an extension of sixty (60) days (45 days if the claim involves disability benefits and disability is not based on the Social Security Acts) due to special circumstances, provided the delay and the special circumstances occasioning it are communicated to the claimant within the sixty (60) day period (45 days if the claim involves disability benefits and disability is not based on the Social Security Acts)). Such communication shall be written in a manner calculated to be understood by the claimant and shall include specific reasons for the decision and specific references to the pertinent Plan provisions on which the decision is based. The communication may be written or electronic (provided the electronic communication complies with the standards imposed by Department of Labor Regulation §2520.104b-1(c)(1)(i), (iii) and (iv) or any subsequent guidance). Notwithstanding the preceding, to the extent any of the time periods specified in this Section are amended by law or Department of Labor regulation, then the time frames specified herein shall automatically be changed in accordance with such law or regulation.

(e) **Deadline to file claim.** To be considered timely under the Plan's claims procedures, a claim must be filed under Sections 2.10(c) or (d) above within one year after the claimant knew or reasonably should have known of the principal facts upon which the claim is based. Knowledge of all facts that the Participant knew or reasonably should have known shall be imputed to the claimant for the purpose of applying this deadline.

(f) **Exhaustion of administrative remedies.** The exhaustion of the claims procedures is mandatory for resolving every claim and dispute arising under this Plan. As to such claims and disputes: (1) no claimant shall be permitted to commence any legal action to recover Plan benefits or to enforce or clarify rights under the Plan or under any other provision of law, whether or not statutory, until the claims procedures set forth in Subsections (a) and (b) above have been exhausted in their entirety; and (2) in any such legal action all explicit and all implicit determinations by the Administrator (including, but not limited to, determinations as to whether the claim, or a request for a review of a denied claim, was timely filed) shall be afforded the maximum deference permitted by law.

(g) **Deadline to file action.** No legal action to recover Plan benefits or to enforce or clarify rights under the Plan or under any other provision of law, whether or not statutory, may be brought by any claimant on any matter pertaining to this Plan unless the legal action is commenced in the proper forum before the earlier of: (1) thirty (30) months after the claimant knew or reasonably should have known of the principal facts on which the claim is based, or (2) six (6) months after the claimant has exhausted the claims procedure under this Plan. Knowledge of all facts that the Participant knew or reasonably should have known shall be imputed to every claimant who is or claims to be a Beneficiary of the Participant or otherwise claims to derive an entitlement by reference to the Participant for purposes of applying the previously specified periods.

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ARTICLE III
ELIGIBILITY

3.1 CONDITIONS OF ELIGIBILITY

An Eligible Employee shall be eligible to participate hereunder on the date such Employee has satisfied the conditions of eligibility, if any, elected in the Adoption Agreement.

3.2 EFFECTIVE DATE OF PARTICIPATION

(a) **General rule.** An Eligible Employee who has satisfied the conditions of eligibility pursuant to Section 3.1 shall become a Participant effective as of the date elected in the Adoption Agreement.

(b) **Rehired Employee.** This Subsection only applies to the extent the Employer elects to apply the Break-in-Service rules in Appendix A to the Adoption Agreement. If the Break-in-Service rules do not apply, then a rehired Employee is treated as a new hire. If the Break-in-Service rules do apply, then if an Eligible Employee is not employed on the date determined pursuant to (a) above, but is reemployed before a 1-Year Break in Service has occurred, then such Eligible Employee shall become a Participant on the date of reemployment or, if later, the date that the Employee would have otherwise entered the Plan had the Employee not terminated employment. If such Employee incurs a 1-Year Break in Service, then eligibility will be determined under the 1-Year Break in Service rules set forth in Section 3.5.

(c) **Recognition of predecessor service.** Unless specifically provided otherwise in the Adoption Agreement, an Eligible Employee who satisfies the Plan's eligibility requirement conditions by reason of recognition of service with a predecessor employer will become a Participant as of the day the Plan credits service with a predecessor employer or, if later, the date the Employee would have otherwise entered the Plan had the service with the predecessor employer been service with the Employer.

(d) **Noneligible to eligible class.** If an Employee, who has satisfied the Plan's eligibility requirements and would otherwise have become a Participant, shall go from a classification of a noneligible Employee to an Eligible Employee, such Employee shall become a Participant on the date such Employee becomes an Eligible Employee or, if later, the date that the Employee would have otherwise entered the Plan had the Employee always been an Eligible Employee.

(e) **Eligible to noneligible class.** If an Employee, who has satisfied the Plan's eligibility requirements and would otherwise become a Participant, shall go from a classification of an Eligible Employee to a noneligible class of Employees, such Employee shall become a Participant in the Plan on the date such Employee again becomes an Eligible Employee, or, if later, the date that the Employee would have otherwise entered the Plan had the Employee always been an Eligible Employee. However, if such Employee incurs a 1-Year Break in Service, eligibility will be determined under the 1-Year Break in Service rules set forth in Section 3.5 (if applicable to the Plan).

3.3 DETERMINATION OF ELIGIBILITY

The Administrator shall determine the eligibility of each Employee for participation in the Plan based upon information furnished by the Employer. Such determination shall be conclusive and binding upon all persons, as long as the same is made pursuant to the Plan.

3.4 TERMINATION OF ELIGIBILITY

In the event a Participant shall go from a classification of an Eligible Employee to an ineligible Employee, such Participant shall continue to vest in the Plan for each Year of Service (or Period of Service, if the elapsed time method is used) completed while an ineligible Employee, until such time as the Participant's Account is forfeited or distributed pursuant to the terms of the Plan. Additionally, the Participant's interest in the Plan shall continue to share in the earnings of the Trust Fund in the same manner as Participants.

3.5 REHIRED EMPLOYEES AND 1-YEAR BREAKS IN SERVICE

(a) **Application of Break-in Service rules.** The Break-in-Service rules set forth in this Section only apply if the Employer elects to apply the Break-in-Service rules in Appendix A to the Adoption Agreement (Special Effective Dates and Other Permitted Elections). If the Employer does not elect to apply the Break-in-Service rules, then rehired Employees are treated as new hires.

(b) **Rehired Participant/immediate re-entry.** If any Former Employee who had been a Participant is reemployed by the Employer, then the Employee shall become a Participant as of the reemployment date, unless the Employee is not an Eligible Employee or unless the Employee does not satisfy the eligibility conditions taking into account prior service to the extent such prior service is not disregarded pursuant to Section 3.5(e) below. If such prior service is disregarded, then the rehired Eligible Employee shall be treated as a new hire.

(c) **Rehired Eligible Employee who satisfied eligibility.** If any Eligible Employee had satisfied the Plan's eligibility requirements but, due to a severance of employment, did not become a Participant, then such Eligible Employee shall become a Participant as of the

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later of (1) the entry date on which he or she would have entered the Plan had there been no severance of employment, or (2) the date of his or her re-employment. Notwithstanding the preceding, if the rehired Eligible Employee's prior service is disregarded pursuant to Section 3.5(e) below, then the rehired Eligible Employee shall be treated as a new hire.

(d) **Rehired Eligible Employee who had not satisfied eligibility.** If any Eligible Employee who had not satisfied the Plan's eligibility requirements is rehired after severance from employment, then such Eligible Employee shall become a Participant in the Plan in accordance with the eligibility requirements set forth in the Adoption Agreement and the Plan. However, in applying any shift in an eligibility computation period, the Eligible Employee is not treated as a new hire unless prior service is disregarded in accordance with Section 3.5(e) below.

(e) **Reemployed after five (5) 1-Year Breaks in Service ("rule of parity" provisions).** If the Employer elects in Appendix A to the Adoption Agreement (Special Effective Dates and Other Permitted Elections) to apply the "rule of parity" provisions, then if any Employee is reemployed after five (5) 1-Year Breaks in Service has occurred, Years of Service (or Periods of Service if the elapsed time method is being used) shall include Years of Service (or Periods of Service if the elapsed time method is being used) prior to the 5-Year Break in Service subject to the rules set forth below. The Employer may elect in Appendix A to the Adoption Agreement (Special Effective Dates and Other Permitted Elections) to make the provisions of this paragraph applicable for purposes of eligibility and/or vesting.

(1) In the case of a Former Employee who under the Plan does not have a nonforfeitable right to any interest in the Plan resulting from Employer contributions, Years of Service (or Periods of Service) before a period of 1-Year Breaks in Service will not be taken into account if the number of consecutive 1-Year Breaks in Service equals or exceeds the greater of (i) five (5) or (ii) the aggregate number of pre-break Years of Service (or Periods of Service). Such aggregate number of Years of Service (or Periods of Service) will not include any Years of Service (or Periods of Service) disregarded under the preceding sentence by reason of prior 1-Year Breaks in Service;

(2) A Former Employee who has not had Years of Service (or Periods of Service) before a 1-Year Break in Service disregarded pursuant to (1) above, shall participate in the Plan as of the date of reemployment, or if later, as of the date the Former Employee would otherwise enter the Plan pursuant to Sections 3.1 and 3.2 taking into account all service not disregarded.

(f) **Vesting after five (5) 1-Year Breaks in Service.** If the Employer elects in Appendix A to the Adoption Agreement (Special Effective Dates and Other Permitted Elections) to apply the Break-in-Service rules, then if f a Participant incurs five (5) consecutive 1-Year Breaks in Service, the Vested portion of such Participant's Account attributable to pre-break service shall not be increased as a result of post-break service. In such case, separate accounts will be maintained as follows:

(1) one account for nonforfeitable benefits attributable to pre-break service; and

(2) one account representing the Participant's Employer-derived Account balance in the Plan attributable to post-break service.

(g) **Waiver of allocation or contribution conditions.** If the Employer elects in the Adoption Agreement to waive allocations or contributions due to retirement (early or normal retirement), then a Participant shall only be entitled to one such waiver. Accordingly, if a Participant retires and allocation or contribution conditions are waived, then the Plan will not waive the allocation or contribution conditions if the Participant is rehired and then retires again.

3.6 ELECTION NOT TO PARTICIPATE

An Employee may, subject to the approval of the Employer, elect voluntarily not to participate in any component of the Plan before the Employee first becomes eligible to participate in any qualified plan (subject to Code §401(a)), or any other plan or arrangement of the employer that is described in Code section 219(g)(5)(A) (whether or not terminated) maintained by the Employer. Such election must be made upon inception of the Plan or such other plan or arrangement or at any time prior to the time the Employee first becomes eligible to participate under any such plan maintained by the Employer. The election not to participate must be irrevocable and communicated to the Employer, in writing, within a reasonable period of time before the date the Employee would have otherwise entered the Plan. Notwithstanding anything in this Section to the contrary, if any prior Plan document of this Plan contained a provision permitting an Employee to make a revocable election not to participate and an Employee made such revocable election not to participate while that prior Plan document was in effect, then such Employee's waiver shall continue to be in effect.

3.7 OMISSION OF ELIGIBLE EMPLOYEE; INCLUSION OF INELIGIBLE EMPLOYEE

If, in any Plan Year, any Employee who should be included as a Participant in the Plan is erroneously omitted and discovery of such omission is not made until after a contribution by the Employer for the year has been made and allocated, or any person who should not have been included as a Participant in the Plan is erroneously included, then the Employer may take corrective actions consistent with, the IRS Employee Plans Compliance Resolution System (i.e., Rev. Proc. 2018-52, Rev. Proc. 2019-19, or any subsequent guidance).

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ARTICLE IV
CONTRIBUTION AND ALLOCATION

4.1 FORMULA FOR DETERMINING EMPLOYER'S CONTRIBUTION

(a) **For a Money Purchase Plan**

All contributions made by the Employer will be made in cash. For each Plan Year, the Employer will contribute to the Plan the following:

(1) The amount of any mandatory Employee contributions and after-tax voluntary Employee contributions made by Participants; plus

(2) On behalf of each Participant eligible to share in allocations, for each year of such Participant's participation in this Plan, the Employer will contribute the amount specified in the Adoption Agreement; plus

(3) If elected in the Adoption Agreement, a matching contribution equal to the amount specified in the Adoption Agreement of each Participant eligible to share in the allocations of the matching contribution, which amount shall be deemed an Employer matching contribution.

(b) **For a 401(a) Plan**

For each Plan Year, the Employer will (or may with respect to any discretionary contributions) contribute to the Plan:

(1) The amount of any mandatory Employee contributions and after-tax voluntary Employee contributions; plus

(2) If elected in the Adoption Agreement, a matching contribution equal to the amount specified in the Adoption Agreement of each Participant eligible to share in the allocations of the matching contribution, which amount shall be deemed an Employer matching contribution; plus

(3) If elected in the Adoption Agreement, an Employer contribution equal to a specified contribution or a discretionary amount determined each year by the Employer.

(c) **Frozen Plans.** The Employer may designate that the Plan is a frozen Plan at the Contribution Types Section of the Adoption Agreement. As a frozen Plan, the Employer will not make any Employer contributions with respect to Compensation earned after the date the Plan is frozen. In addition, once a Plan is frozen, no additional Employees shall become Participants.

(d) **Union Employees.** Regardless of any provision in this Plan to the contrary, Employees whose employment is governed by a collective bargaining agreement between the Employer and "employee representatives" under which retirement benefits were the subject of good faith bargaining shall be eligible to participate in this Plan to the extent of employment covered by such agreement provided the agreement provides for coverage in the Plan. The benefits, including but not limited to, contributions, allocations and vesting, under this Plan shall be those set forth in the Adoption Agreement. For this purpose, the term "employee representatives" does not include any organization more than half of whose members are employees who are owners, officers, or executives of the Employer. If a Participant performs services both as a collectively bargained Employee and as a non-collectively bargained Employee, then the Participant's Hours of Service and Compensation in each respective category are treated separately for purposes of the Plan.

(e) **Social Security Replacement Plan**. The Employer may elect under the Adoption Agreement to indicate its intention to qualify this Plan as a Social Security Replacement Plan under Code §3121(b)(7)(F). If the Employer makes the election to qualify the Plan as a Social Security Replacement Plan, the Plan will allocate a minimum contribution amount (Employer and Employee Contributions) of seven and one-half percent (7.5%) of Compensation. The Plan will consider each Participant a member of a retirement system that provides benefits comparable to the benefits he or she would have received under Social Security. In the case of part-time, seasonal and temporary Employees, the benefit will be nonforfeitable.

4.2 TIME OF PAYMENT OF EMPLOYER'S CONTRIBUTION

Unless otherwise provided by contract or law, the Employer may make its contribution to the Plan for a particular Plan Year at such time as the Employer, in its sole discretion, determines. If the Employer makes a contribution for a particular Plan Year after the close of that Plan Year, the Employer will designate to the Administrator the Plan Year for which the Employer is making its contribution.

4.3 ALLOCATION OF CONTRIBUTION, FORFEITURES AND EARNINGS

(a) **Separate accounting.** The Administrator shall establish and maintain an Account in the name of each Participant to which the Administrator shall credit as of each Anniversary Date, or other Valuation Date, all amounts allocated to each such Participant as set forth herein.

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(b) **Allocation of contributions.** The Employer shall provide the Administrator with all information required by the Administrator to make a proper allocation of the Employer's contribution, if any, for each Plan Year. Within a reasonable period of time after the date of receipt by the Administrator of such information, the Administrator shall allocate any contributions as follows:

(1) **Money Purchase Pension Plan.** For a Money Purchase Plan:

(i) The Employer's contribution shall be allocated to each Participant's Account in the manner set forth in Section 4.1 herein and as specified in the Adoption Agreement.

(ii) Notwithstanding the preceding provisions, a Participant shall only be eligible to share in the allocations of the Employer's contribution for the year if the Participant is an Eligible Employee at any time during the year and the conditions set forth in the Adoption Agreement are satisfied.

(2) **401(a) Plan.** For a 401(a) Plan (which is a profit sharing plan within the meaning of Code §401(a)):

(i) The Employer's contribution shall be allocated to each Participant's Account in accordance with the allocation method that corresponds with the elections in the Adoption Agreement. The Employer shall provide the Administrator with all information required by the Administrator to make a proper allocation of the Employer's contribution for each Plan Year. Within a reasonable period of time after the date of receipt by the Administrator of such information, the allocation shall be made in accordance with the elections in the Adoption Agreement.

(ii) Notwithstanding the preceding provision, a Participant shall only be eligible to share in the allocations of the Employer's contribution for the year if the Participant is an Eligible Employee at any time during the year and the conditions set forth in the Adoption Agreement are satisfied.

(c) **Gains or losses.** Except as otherwise provided in Section 4.10 with respect to Participant Directed Accounts, as of each Valuation Date, before allocation of any Employer contributions and Forfeitures, any earnings or losses (net appreciation or net depreciation) of the Trust Fund (exclusive of assets segregated for distribution) shall be allocated in accordance with such rules and procedures that are established by the Administrator and that are applied in a uniform and nondiscriminatory manner based upon the investments of the Trust Fund and the Participants' accounts to which the net income is allocated. For purposes of this Section, the term "net income" means the net of any interest, dividends, unrealized appreciation and depreciation, capital gains and losses, and investment expenses of the Trust Fund determined on each Valuation Date. However, Participants' accounts which have been segregated for investment purposes (including any Participant Directed Accounts) will only have the net income earned thereon allocated thereto. Policy dividends or credits will be allocated to the Participant's Account for whose benefit the Policy is held.

Recapture account. The Administrator in its discretion may use a "Recapture Account" to pay non-settlor Plan expenses and may allocate funds in the "Recapture Account" (or excess funds therein after payment of Plan expenses) as earnings or as otherwise permitted by applicable law. The Administrator will exercise its discretion in a reasonable, uniform and nondiscriminatory manner. A "Recapture Account" is an account designated to receive amounts which a Plan service provider receives in the form of 12b-1 fees, sub-transfer agency fees, shareholder servicing fees or similar amounts (also known as "revenue sharing"), which are received by the service provider from a source other than the Plan and which the service provider may remit to the Plan.

Late trading and market timing settlement. In the event the Plan becomes entitled to a settlement from a mutual fund or other investment relating to late trading, market timing or other activities, the Administrator will allocate the settlement proceeds to Participants and Beneficiaries in accordance with Department of Labor Field Assistance Bulletin 2006-01 or other applicable law.

(d) **Contracts.** Participants' Accounts shall be debited for any insurance or annuity premiums paid, if any, and credited with any dividends or interest received on Contracts.

(e) **Forfeitures.** Forfeitures must be disposed of no later than the last day of the Plan Year following the Plan Year in which the Forfeiture occurs. The Employer may direct the Administrator to use Forfeitures to satisfy any contribution that may be required pursuant to Section 6.10 or to pay any Plan expenses. With respect to a Money Purchase Plan, any remaining Forfeitures will be disposed of in accordance with the elections in the Adoption Agreement. With respect to all other plans, the Employer must direct the Administrator to use any remaining Forfeitures in accordance with any combination of the following methods, including a different method based on the source of such Forfeitures. Forfeitures may be:

(1) Added to any Employer discretionary contribution and allocated in the same manner

(2) Used to reduce any Employer contribution

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(3) Added to any Employer matching contribution and allocated as an additional matching contribution

(4) Allocated to all Participants in the same proportion that each Participant's Compensation for the Plan Year bears to the Compensation of all Participants for such year

If Forfeitures are allocated to Participants (rather than used to reduce Employer contributions) then the Employer must also direct the Administrator as to which Participants are eligible to share in such allocation.

(f) **Delay in processing transactions.** Notwithstanding anything in this Section to the contrary, all information necessary to properly reflect a given transaction may not be available until after the date specified herein for processing such transaction, in which case the transaction will be reflected when such information is received and processed. Subject to express limits that may be imposed under the Code, the processing of any contribution, distribution or other transaction may be delayed for any legitimate business reason (including, but not limited to, failure of systems or computer programs, failure of the means of the transmission of data, force majeure, the failure of a service provider to timely receive values or prices, and correction for errors or omissions or the errors or omissions of any service provider). The processing date of a transaction will be binding for all purposes of the Plan.

4.4 MAXIMUM ANNUAL ADDITIONS

(a) **Calculation of "annual additions."**

(1) If a Participant does not participate in, and has never participated in another qualified plan maintained by the "employer," or a welfare benefit fund (as defined in Code §419(e)) maintained by the "employer," or an individual medical benefit account (as defined in Code §415(l)(2)) maintained by the "employer," or a simplified employee pension (as defined in Code §408(k)) maintained by the "employer" which provides "annual additions," the amount of "annual additions" which may be credited to the Participant's Accounts for any Limitation Year shall not exceed the lesser of the "maximum permissible amount" or any other limitation contained in this Plan. If the "employer" contribution that would otherwise be contributed or allocated to the Participant's Accounts would cause the "annual additions" for the Limitation Year to exceed the "maximum permissible amount," the amount contributed or allocated will be reduced so that the "annual additions" for the Limitation Year will equal the "maximum permissible amount," and any amount in excess of the "maximum permissible amount" which would have been allocated to such Participant may be allocated to other Participants.

(2) Prior to determining the Participant's actual 415 Compensation for the Limitation Year, the "employer" may determine the "maximum permissible amount" for a Participant on the basis of a reasonable estimation of the Participant's 415 Compensation for the Limitation Year, uniformly determined for all Participants similarly situated.

(3) As soon as is administratively feasible after the end of the Limitation Year, the Administrator shall determine the "maximum permissible amount" for each Participant for such Limitation Year on the basis of the Participant's actual 415 Compensation for such Limitation Year.

(b) **"Annual additions" if a Participant is in more than one plan.**

(1) Except as provided in Subsection (c) below, this Subsection applies if, in addition to this Plan, a Participant is covered under another "employer" maintained qualified defined contribution plan, welfare benefit fund (as defined in Code §419(e)), individual medical benefit account (as defined in Code §415(l)(2)), or simplified employee pension (as defined in Code §408(k)), which provides "annual additions," during any Limitation Year. The "annual additions" which may be credited to a Participant's Accounts under this Plan for any such Limitation Year shall not exceed the "maximum permissible amount" reduced by the "annual additions" credited to a Participant's Accounts under the other plans and welfare benefit funds, individual medical benefit accounts, and simplified employee pensions for the same Limitation Year. If the "annual additions" with respect to the Participant under other defined contribution plans and welfare benefit funds maintained by the "employer" are less than the "maximum permissible amount" and the "employer" contribution that would otherwise be contributed or allocated to the Participant's Accounts under this Plan would cause the "annual additions" for the Limitation Year to exceed this limitation, the amount contributed or allocated will be reduced so that the "annual additions" under all such plans and welfare benefit funds for the Limitation Year will equal the "maximum permissible amount," and any amount in excess of the "maximum permissible amount" which would have been allocated to such Participant may be allocated to other Participants. If the "annual additions" with respect to the Participant under such other defined contribution plans, welfare benefit funds, individual medical benefit accounts and simplified employee pensions 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.

(2) Prior to determining the Participant's actual 415 Compensation for the Limitation Year, the "employer" may determine the "maximum permissible amount" for a Participant on the basis of a reasonable estimation of the Participant's 415 Compensation for the Limitation Year, uniformly determined for all Participants similarly situated.

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(3) As soon as is administratively feasible after the end of the Limitation Year, the Administrator shall determine the "maximum permissible amount" for each Participant for such Limitation Year on the basis of the Participant's actual 415 Compensation for the Limitation Year.

(4) If, pursuant to Section 4.4(b)(2), a Participant's "annual additions" under this Plan and such other plans would result in an "excess amount" for a Limitation Year, the "excess amount" will be deemed to consist of the "annual additions" last allocated, except that "annual additions" attributable to a simplified employee pension will be deemed to have been allocated first, followed by "annual additions" to a welfare benefit fund or individual medical benefit account, and then by "annual additions" to a plan subject to Code §412, regardless of the actual allocation date.

(5) If an "excess amount" was allocated to a Participant on an allocation date of this Plan which coincides with an allocation date of another plan, the "excess amount" attributed to this Plan will be the product of:

(i) the total "excess amount" allocated as of such date, times

(ii) the ratio of (A) the "annual additions" allocated to the Participant for the Limitation Year as of such date under this Plan to (B) the total "annual additions" allocated to the Participant for the Limitation Year as of such date under this and all the other qualified defined contribution plans.

(c) **Coverage under another plan.** If the Participant is covered under another qualified defined contribution plan maintained by the "employer," "annual additions" which may be credited to the Participant's Accounts under this Plan for any Limitation Year will be limited in accordance with Section 4.4(b), unless the "employer" provides other limitations in Appendix A to the Adoption Agreement (Special Effective Dates and Other Permitted Elections).

(d) **Time when "annual additions" credited.** An "annual addition" is credited to the Account of a Participant for a particular Limitation Year if it as allocated to the Participant's Account under the Plan as of any date within that Limitation Year. However, an amount is not deemed allocated as of any date within a Limitation Year if such allocation is dependent upon participation in the Plan as of any date subsequent to such date.

For purposes of this subparagraph, "employer" contributions are treated as credited to a Participant's Account for a particular Limitation Year only if the contributions are actually made to the Plan no later than the 15th day of the tenth calendar month following the end of the calendar year or Fiscal Year (as applicable, depending on the basis on which the Employer keeps its books) with or within which the particular Limitation Year ends.

(e) **Definitions.** For purposes of this Section, the following terms shall be defined as follows:

(1) **"Annual additions"** means the sum credited to a Participant's Accounts for any Limitation Year of (a) "employer" contributions, (b) Employee contributions (except as provided below), (c) Forfeitures, (d) amounts allocated to an individual medical benefit account, as defined in Code §415(l)(2), which is part of a pension or annuity plan maintained by the "employer," (e) 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 (f) allocations under a simplified employee pension. Except, however, the Compensation percentage limitation referred to in paragraph (e)(5)(ii) below shall not apply to: (1) any contribution for medical benefits (within the meaning of Code §419A(f)(2)) after separation from service which is otherwise treated as an "annual addition," or (2) any amount otherwise treated as an "annual addition" under Code §415(l)(1).

(i) **Restorative payments.** "Annual additions" for purposes of Code §415 and this Section shall not include restorative payments. A restorative payment is a payment made to restore losses to a Plan resulting from actions by a fiduciary for which there is reasonable risk of liability for breach of a fiduciary duty under applicable federal or state law, where Participants who are similarly situated are treated similarly with respect to the payments. Generally, payments are restorative payments only if the payments are made in order to restore some or all of the Plan's losses due to an action (or a failure to act) that creates a reasonable risk of liability for such a breach of fiduciary duty (other than a breach of fiduciary duty arising from failure to remit contributions to the Plan). Payments made to the Plan to make up for losses due merely to market fluctuations and other payments that are not made on account of a reasonable risk of liability for breach of a fiduciary duty are not restorative payments and generally constitute contributions that are considered "annual additions."

(ii) **Other amounts.** "Annual additions" for purposes of Code §415 and this Section shall not include: (A) The direct transfer of a benefit or employee contributions from a qualified plan to this Plan; (B) Rollover contributions (as described in Code §§401(a)(31), 402(c)(1), 403(a)(4), 403(b)(8), 408(d)(3), and 457(e)(16)); (C) Repayments of loans made to a Participant from the Plan; and (D) Repayments of amounts described in Code §411(a)(7)(B) (in accordance with Code §411(a)(7)(C)) and Code §411(a)(3)(D) or repayment of contributions to a governmental plan (as defined in Code §414(d)) as described in Code §415(k)(3), as well as Employer restorations of benefits that are required pursuant to such repayments.

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(2) **"Defined contribution dollar limitation"** means $56,000 (or the amount as adjusted under Code §415(d)).

(3) **"Employer"** means, for purposes of this Section, the Employer that adopts this Plan and all Affiliated Employers.

(4) **"Excess amount"** means the excess of the Participant's "annual additions" for the Limitation Year over the "maximum permissible amount."

(5) **"Maximum permissible amount"** means, except to the extent permitted under this Plan and Code §414(v), the maximum "annual addition" that may be contributed or allocated to a Participant's Accounts under the Plan for any Limitation Year, which shall not exceed the lesser of:

(i) the "defined contribution dollar limitation," or

(ii) one hundred percent (100%) of the Participant's 415 Compensation for the Limitation Year.

The 415 Compensation Limitation referred to in (ii) shall not apply to any contribution for medical benefits after separation from service (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 twelve (12) consecutive month period, the "maximum permissible amount" will not exceed the "defined contribution dollar limitation" multiplied by a fraction, the numerator of which is the number of months in the short Limitation Year and the denominator of which is twelve (12).

(f) **Special rules.**

(1) **Aggregation of plans.** For purposes of applying the limitations of Code §415, all defined contribution plans (without regard to whether a plan has been terminated) ever maintained by the "employer" (or a "predecessor employer") under which the Participant receives "annual additions" (including voluntary employee contribution accounts in a defined benefit plan, mandatory contributions to a defined benefit plan, individual medical benefit accounts under§401(h), key employee accounts under a welfare benefit plan described in §419, and simplified employee pensions under§408(k)) of the employer or a predecessor employer, whether or not terminated, will be treated as one defined contribution plan for purposes of the limitations under§ 415(c). Where the employer is a member of a controlled group of corporations or commonly controlled trades or businesses, or a member of an affiliated service group, within the meaning of §§414(b), (c) or (m) and §415(g) and (h), the plan must provide that all such employers are treated as a single employer for purposes of the Plan's application of the §415 limitations. Notwithstanding the preceding, multiemployer plans are not aggregated with other multiemployer plans for purposes of §415. For purposes of this Section:

(i) A former "employer" is a "predecessor employer" with respect to a participant in a plan maintained by an "employer" if the "employer" maintains a plan under which the participant had accrued a benefit while performing services for the former "employer", but only if that benefit is provided under the plan maintained by the "employer". For this purpose, the "formerly affiliated plan" rules in Regulation §1.415(f)-1(b)(2) apply as if the "employer" and "predecessor employer" constituted a single employer under the rules described in Regulation §1.415(a)-1(f)(1) and (2) immediately prior to the "cessation of affiliation" (and as if they constituted two, unrelated employers under the rules described in Regulation §1.415(a)-1(f)(1) and (2) immediately after the "cessation of affiliation") and "cessation of affiliation" was the event that gives rise to the "predecessor employer" relationship, such as a transfer of benefits or plan sponsorship.

(ii) With respect to an "employer" of a Participant, a former entity that antedates the "employer" is a "predecessor employer" with respect to the Participant if, under the facts and circumstances, the "employer" constitutes a continuation of all or a portion of the trade or business of the former entity.

(2) **Break-up of an affiliated employer or an affiliated service group.** For purposes of aggregating plans for Code §415, a "formerly affiliated plan" of an "employer" is taken into account for purposes of applying the Code §415 limitations to the "employer," but the "formerly affiliated plan" is treated as if it had terminated immediately prior to the "cessation of affiliation." For purposes of this paragraph, a "formerly affiliated plan" of an "employer" is a plan that, immediately prior to the "cessation of affiliation," was actually maintained by one or more of the entities that constitute the "employer" (as determined under the employer affiliation rules described in Regulation §1.415(a)-1(f)(1) and (2)), and immediately after the "cessation of affiliation," is not actually maintained by any of the entities that constitute the "employer" (as determined under the employer affiliation rules described in Regulation §1.415(a)-1(f)(1) and (2)). For purposes of this paragraph, a "cessation of affiliation" means the event that causes an entity to no longer be aggregated with one or more other entities as a single "employer" under the employer affiliation rules described in Regulation §1.415(a)-1(f)(1) and (2) (such as the sale of a subsidiary outside a controlled group), or that causes a plan to not actually be maintained by any of the entities that constitute the "employer" under the employer affiliation rules of Regulation §1.415(a)-1(f)(1) and (2) (such as a transfer of plan sponsorship outside of a controlled group).

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(3) **Mid-year aggregation.** Two or more defined contribution plans that are not required to be aggregated pursuant to Code §415(f) and the Regulations thereunder as of the first day of a Limitation Year do not fail to satisfy the requirements of Code §415 with respect to a Participant for the Limitation Year merely because they are aggregated later in that Limitation Year, provided that no "annual additions" are credited to the Participant's Account after the date on which the plans are required to be aggregated.

4.5 ADJUSTMENT FOR EXCESS ANNUAL ADDITIONS

Notwithstanding any provision of the Plan to the contrary, if the "annual additions" (as defined in Section 4.4) are exceeded for any Participant, then the Plan may only correct such excess in accordance with the Employee Plans Compliance Resolution System (EPCRS) as set forth in Rev. Proc. 2018-52, Rev. Proc. 2019-19, or any superseding guidance.

4.6 ROLLOVERS

(a) **Acceptance of "rollovers" into the Plan.** If elected in the Adoption Agreement and with the consent of the Administrator, the Plan may accept a "rollover," provided the "rollover" will not jeopardize the tax-exempt status of the Plan or create adverse tax consequences for the Employer. The amounts rolled over shall be separately accounted for in a "Participant's Rollover Account." A Participant's Rollover Account shall be fully Vested at all times and shall not be subject to Forfeiture for any reason. For purposes of this Section, the term Participant shall include any Eligible Employee who is not yet a Participant, if, pursuant to the Adoption Agreement, "rollovers" are permitted to be accepted from Eligible Employees. In addition, for purposes of this Section the term Participant shall also include Former Employees if elected in the Adoption Agreement. Regardless of whether new loans are permitted, if the Plan permits rollovers, the Administrator may, in a uniform and nondiscriminatory manner, accept rollovers of loans into this Plan if the terms of such loans meet the requirements of being definite, have a reasonable rate of interest, and/or have a definite repayment period (e.g., an asset purchase acquisition whereby the Employer may choose to accept the rollover of Participant loans from a prior employer in a uniform and nondiscriminatory manner).

(b) **Treatment of "rollovers" under the Plan.** Amounts in a Participant's Rollover Account shall be held by the Trustee (or Insurer) pursuant to the provisions of this Plan and may not be withdrawn by, or distributed to the Participant, in whole or in part, except as elected in the Adoption Agreement and Subsection (c) below. The Trustee (or Insurer) shall have no duty or responsibility to inquire as to the propriety of the amount, value or type of assets transferred, nor to conduct any due diligence with respect to such assets; provided, however, that such assets are otherwise eligible to be held by the Trustee (or Insurer) under the terms of this Plan.

(c) **Distribution of "rollovers."** At such time as the conditions set forth in the Adoption Agreement have been satisfied, the Administrator, at the election of the Participant, shall direct the distribution of up to the entire amount credited to the Rollover Account maintained on behalf of such Participant. Any distribution of amounts held in a Participant's Rollover Account shall be made in a manner which is consistent with and satisfies the provisions of Sections 6.5 and 6.6. Furthermore, unless otherwise elected in the Adoption Agreement, such amounts shall be considered to be part of a Participant's benefit in determining whether an involuntary cash-out of benefits may be made without Participant consent.

(d) **"Rollovers" maintained in a separate account.** The Administrator may direct that "rollovers" made after a Valuation Date be segregated into a separate account for each Participant until such time as the allocations pursuant to this Plan have been made, at which time they may remain segregated, invested as part of the general Trust Fund or, if elected in the Adoption Agreement, directed by the Participant.

(e) **Limits on accepting "rollovers."** Prior to accepting any "rollovers" to which this Section applies, the Administrator may require the Employee to establish (by providing opinion of counsel or otherwise) that the amounts to be rolled over to this Plan meet the requirements of this Section. The Employer may instruct the Administrator, operationally, to limit the source of "rollover" contributions that may be accepted by the Plan.

(f) **Definitions.** For purposes of this Section, the following definitions shall apply:

(1) A "rollover" means: (i) amounts transferred to this Plan directly from another "eligible retirement plan;" (ii) distributions received by an Employee from other "eligible retirement plans" which are eligible for tax-free rollover to an "eligible retirement plan" and which are transferred by the Employee to this Plan within sixty (60) days following receipt thereof; and (iii) any other amounts which are eligible to be rolled over to this Plan pursuant to the Code or any other federally enacted legislation.

(2) An "eligible retirement plan" means an individual retirement account described in Code §408(a), an individual retirement annuity described in Code §408(b) (other than an endowment contract), a qualified trust (an employees' trust described in Code §401(a) which is exempt from tax under Code §501(a)), an annuity plan described in Code §403(a), an eligible deferred compensation plan described in Code §457(b) which is maintained by an eligible employer described in Code §457(e)(1)(A), and an annuity contract described in Code §403(b).

(g) **Pre-Participation Rollovers**. If an Eligible Employee makes a Rollover Contribution to the Plan prior to satisfying the Plan's eligibility conditions or prior to reaching his or her Entry Date, then the Administrator will treat the Employee as a limited Participant

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(as described in Rev. Rul. 96-48). A limited Participant does not share in the Plan's allocation of Employer Contributions nor Forfeitures until the Employee actually becomes a Participant in the Plan.

4.7 PLAN-TO-PLAN TRANSFERS FROM QUALIFIED PLANS

(a) **Transfers into this Plan.** With the consent of the Administrator, amounts may be transferred (within the meaning of Code §414(l)) to this Plan from other tax qualified plans under Code §401(a), provided the plan from which such funds are transferred permits the transfer to be made and the transfer will not jeopardize the tax-exempt status of the Plan or Trust or create adverse tax consequences for the Employer. Prior to accepting any transfers to which this Section applies, the Administrator may require an opinion of counsel that the amounts to be transferred meet the requirements of this Section. The amounts transferred shall be set up in a separate account herein referred to as a "Participant's Transfer Account." Furthermore, for vesting purposes, the Participant's Transfer Account may be treated as a separate "Participant's Account."

(b) **Accounting of transfers.** Amounts in a Participant's Transfer Account shall be held by the Trustee (or Insurer) pursuant to the provisions of this Plan and may not be withdrawn by, or distributed to the Participant, in whole or in part, except as elected in the Adoption Agreement and Subsection (d) below, provided the restrictions of Subsection (c) below and Section 6.16 are satisfied. The Trustee (or Insurer) shall have no duty or responsibility to inquire as to the propriety of the amount, value or type of assets transferred, nor to conduct any due diligence with respect to such assets; provided, however, that such assets are otherwise eligible to be held by the Trustee (or Insurer) under the terms of this Plan. Notwithstanding anything in this Section to the contrary, transferred amounts are not required to be separately accounted for and may be combined with the corresponding Account maintained in this Plan provided all rights, benefits and features and other attributes are identical with respect to each account, or are identical after the combination.

(c) **Distribution of plan-to-plan transfer amounts.** At Normal Retirement Date, or such other date when the Participant or the Participant's Beneficiary shall be entitled to receive benefits, the Participant's Transfer Account shall be used to provide additional benefits to the Participant or the Participant's Beneficiary. Any distribution of amounts held in a Participant's Transfer Account shall be made in a manner which is consistent with and satisfies the provisions of Sections 6.5 and 6.6. Furthermore, such amounts shall be considered to be part of a Participant's benefit in determining whether an involuntary cash-out of benefits may be made without Participant consent.

(d) **Segregation.** The Administrator may direct that Employee transfers made after a Valuation Date be segregated into a separate account for each Participant until such time as the allocations pursuant to this Plan have been made, at which time they may remain segregated, invested as part of the general Trust Fund or, if elected in the Adoption Agreement, directed by the Participant.

(e) **Pre-Participation Transfers**. The Administrator has the discretion to accept a Transfer of plan assets on behalf of an Employee prior to the date the Employee satisfies the Plan's eligibility conditions or prior to reaching the Entry Date in a uniform and nondiscretionary manner. If the Plan accepts such a direct transfer of plan assets, then the Administrator will treat the Employee as a limited Participant pursuant to Section 4.6(g).

4.8 MANDATORY EMPLOYEE CONTRIBUTIONS

(a) **Mandatory Employee contributions.** An Employer may elect in the Adoption Agreement to provide for mandatory Employee contributions. If the Employer elects to provide for such contributions, each Participant will make a mandatory Employee contribution in the amount elected in the Adoption Agreement. Alternatively, the Employer may elect to provide a range of mandatory Employee contribution percentages from which the Participant may choose to contribute. Under this option, the Employee, if required as a condition of employment, must make an irrevocable election to contribute a percentage of his or her Compensation no later than his or her effective date of participation. If not required as a condition of employment, such mandatory Employee contribution election shall be made prior to participation in the Plan. During the period of the Participant's participation in the Plan, the Participant may not revoke the election and receive cash in lieu of the contribution, nor may the Participant change the amount of the mandatory Employee contribution. Amounts attributable to mandatory Employee contributions shall be fully Vested.

(b) **Employer pick-up contribution.** Unless otherwise elected in the Adoption Agreement, the Employer will "pick-up" the mandatory Employee contributions and will pay the mandatory Employee contributions to the Plan as an Employer contribution. This provision is effective only after the Employer provides for the treatment of the mandatory Employee contributions as described in this paragraph, through a person authorized to take such action, and evidenced in writing by minutes of a meeting, resolution, ordinance, or other formal action by the Employer, which will effectuate the "pick-up" provision. Furthermore, as of the date of the "pick-up," Participants are not permitted to opt-out of the "pick-up" or to receive the mandatory Employee contributions directly instead of having them paid to the Plan. Mandatory Employee contributions that are "picked-up" by the Employer are excludible from the Employee's gross income.

4.9 AFTER-TAX VOLUNTARY EMPLOYEE CONTRIBUTIONS

(a) **After-tax voluntary Employee contributions.** If elected in the Adoption Agreement, each Participant may, in accordance with procedures established by the Administrator, elect to make after-tax voluntary Employee contributions to this Plan. Such contributions

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must generally be paid to the Trustee (or Insurer) within a reasonable period of time after being received by the Employer. An after-tax voluntary Employee contribution is any contribution made to the Plan by or on behalf of a Participant that is included in the Participant's gross income in the year in which made and that is separately accounted for under the Plan.

(b) **Full vesting.** The balance in each Participant's Voluntary Contribution Account shall be fully Vested at all times and shall not be subject to Forfeiture for any reason.

(c) **Distribution at any time.** A Participant may elect at any time to withdraw after-tax voluntary Employee contributions from such Participant's Voluntary Contribution Account and the actual earnings thereon in a manner which is consistent with and satisfies the provisions of Section 6.5. If the Administrator maintains sub-accounts with respect to after-tax voluntary Employee contributions (and earnings thereon) which were made on or before a specified date, a Participant shall be permitted to designate which sub-account shall be the source for the withdrawal. Forfeitures of Employer contributions shall not occur solely as a result of an Employee's withdrawal of after-tax voluntary Employee contributions.

(d) **Used to provide benefits.** At Normal Retirement Date, or such other date when the Participant or the Participant's Beneficiary is entitled to receive benefits, the Participant's Voluntary Contribution Account shall be used to provide additional benefits to the Participant or the Participant's Beneficiary.

4.10 PARTICIPANT DIRECTED INVESTMENTS

(a) **Directed investment options allowed.** If permitted by the Administrator and the terms of the Trust, Participants may direct the Trustee (or Insurer) as to the investment of all or a portion of their individual Account balances in accordance with the Plan's procedures. Participants may direct the Trustee (or Insurer), in writing (or in such other form which is acceptable to the Trustee (or Insurer)), to invest their accounts in specific assets, specific funds or other investments permitted under the Plan and the Participant Direction Procedures. That portion of the Account of any Participant that is subject to investment direction of such Participant will be considered a Participant Directed Account.

(b) **Establishment of Participant Direction Procedures.** The Administrator will establish Participant Direction Procedures, to be applied in a uniform manner, setting forth the permissible investment options under this Section, how often changes between investments may be made, and any other limitations and provisions that the Administrator may impose on a Participant's right to direct investments.

(c) **Administrative discretion.** The Administrator may, in its discretion, include or exclude by amendment or other action from the Participant Direction Procedures such instructions, guidelines or policies as it deems necessary or appropriate to ensure proper administration of the Plan, and may interpret the same accordingly.

(d) **Allocation of gains or losses.** As of each Valuation Date, all Participant Directed Accounts shall be charged or credited with the net earnings, gains, losses and expenses as well as any appreciation or depreciation in the market value using publicly listed fair market values when available or appropriate as follows:

(1) to the extent the assets in a Participant Directed Account are accounted for as pooled assets or investments, the allocation of earnings, gains and losses of each Participant's Account shall be based upon the total amount of funds so invested in a manner proportionate to the Participant's share of such pooled investment; and

(2) to the extent the assets in a Participant Directed Account are accounted for as segregated assets, the allocation of earnings, gains on and losses from such assets shall be made on a separate and distinct basis.

(e) **Plan will follow investment directions.** Investment directions will be processed as soon as administratively practicable after proper investment directions are received from the Participant. No guarantee is made by the Plan, Employer, Administrator or Trustee (or Insurer) that investment directions will be processed on a daily basis, and no guarantee is made in any respect regarding the processing time of an investment direction. Notwithstanding any other provision of the Plan, the Employer, Administrator or Discretionary Trustee (or Insurer) reserves the right to not value an investment option on any given Valuation Date for any reason deemed appropriate by the Employer, Administrator or Discretionary Trustee (or Insurer). Furthermore, the processing of any investment transaction may be delayed for any legitimate business reason (including, but not limited to, failure of systems or computer programs, failure of the means of the transmission of data, the failure of a service provider to timely receive values or prices, and correction for errors or omissions or the errors or omissions of any service provider) or force majeure. The processing date of a transaction will be binding for all purposes of the Plan and considered the applicable Valuation Date for an investment transaction.

(f) **Other documents required by directed investments.** Any information regarding investments available under the Plan, to the extent not required to be described in the Participant Direction Procedures, may be provided to Participants in one or more documents (or in any other form, including, but not limited to, electronic media) which are separate from the Participant Direction Procedures and are not thereby incorporated by reference into this Plan.

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4.11 QUALIFIED MILITARY SERVICE

(a) **USERRA.** Notwithstanding any provisions of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Code §414(u). Furthermore, loan repayments may be suspended under this Plan as permitted under Code §414(u)(4).

(b) **Benefit accrual.** If the Employer elects in the Adoption Agreement to apply this Subsection, then effective as of the date specified in the Adoption Agreement, for benefit accrual purposes, the Plan treats an individual who becomes Totally and Permanently disabled while performing "qualified military service" (as defined in Code §414(u)) with respect to the Employer as if the individual had resumed employment in accordance with the individual's reemployment rights under Uniformed Services Employment and Reemployment Rights Act of 1994, as amended (USERRA), on the day preceding Total and Permanent Disability and terminated employment on the actual date of death or Total and Permanent Disability.

The Plan will determine the amount of after-tax voluntary Employee contributions of an individual treated as reemployed under this Section for purposes of applying paragraph Code §414(u)(8)(C) on the basis of the individual's average actual after-tax voluntary Employee contributions for the lesser of: (1) the 12-month period of service with the Employer immediately prior to "qualified military service" (as defined in Code §414(u)); or (2) the actual length of continuous service with the Employer.

(c) **Death benefits.** If a Participant dies while performing "qualified military service" (as defined in Code §414(u)), the Participant's Beneficiary is entitled to any additional benefits (other than benefit accruals relating to the period of "qualified military service" but including vesting credit for such period and any other ancillary life insurance or other survivor benefits) provided under the Plan as if the Participant had resumed employment and then terminated employment on account of death. Moreover, the Plan will credit the Participant's "qualified military service" as service for vesting purposes, as though the Participant had resumed employment under Uniformed Services Employment and Reemployment Rights Act of 1994, as amended (USERRA) immediately prior to the Participant's death.

(d) **Military Differential Pay.** The following applies with respect to Military Differential Pay: (1) an individual receiving Military Differential Pay is treated as an Employee of the Employer making the payment; (2) the Military Differential Pay is treated as 415 Compensation (and Compensation unless otherwise elected in the Adoption Agreement); and (3) the Plan is not treated as failing to meet the requirements of any provision described in Code §414(u)(1)(C) (or corresponding Plan provisions) by reason of any contribution or benefit which is based on the Military Differential Pay. The Administrator operationally may determine, for purposes of the provisions described in Code §414(u)(1)(C), whether to take into account any matching contributions, attributable to Military Differential Pay.

(e) **Deemed Severance.** Notwithstanding Subsection (b)(1) above, if elected in Appendix A to the Adoption Agreement (Special Effective Dates and Other Permitted Elections), a Participant who performs service in the uniformed services (as defined in Code §414(u)(12)(B)) on active duty for a period of more than thirty (30) days, the Participant will be deemed to have a severance from employment solely for purposes of eligibility for distribution of amounts not attributable to Employer contributions to a money purchase pension plan. However, the Plan will not distribute such a Participant's Account on account of this deemed severance unless the Participant specifically elects to receive a benefit distribution hereunder. If a Participant elects to receive a distribution on account of this deemed severance, then the individual may not make an after-tax voluntary Employee contribution during the six (6) month period beginning on the date of the distribution. If a Participant would be entitled to a distribution on account of a deemed severance, and a distribution on account of another Plan provision, then the other Plan provision will control and the six (6) month suspension will not apply.

4.12 INSTRUCTIONS TO ADMINISTRATOR AND NOTIFICATION TO PARTICIPANTS

For Plan Years beginning after the end of the Plan Year in which this document is first adopted, if a "Flexible Discretionary Match" contribution formula applies (i.e., a formula that provides an Employer with discretion regarding how to *allocate* a matching contribution to Participants) and the Employer makes a "Flexible Discretionary Match" to the Plan, the Employer must provide the Plan Administrator or Trustee written instructions describing (1) how the "Flexible Discretionary Match" formula will be allocated to Participants (e.g., a uniform percentage of Elective Deferrals or a flat dollar amount), (2) the computation period(s) to which the "Flexible Discretionary Match" formula applies, and (3) if applicable, a description of each business location or business classification subject to separate "Flexible Discretionary Match" allocation formulas. Such instructions must be provided no later than the date on which the "Flexible Discretionary Match" is made to the Plan. A summary of these instructions must be communicated to Participants who receive an allocation of the "Flexible Discretionary Match" no later than 60 days following the date on which the last "Flexible Discretionary Match" contribution is made to the Plan for the Plan Year.

Solely for purposes of this Section, a matching contribution is to be considered as being a "Flexible Discretionary Match" contribution unless the Employer has provided a definitely determinable allocation formula for the matching contribution on the Adoption Agreement. In order to be definitely determinable, then the components of the allocation formula described in the preceding sentence must be specified on the Adoption Agreement and cannot themselves be discretionary. Thus, regardless of whether the contribution formula for the matching contribution is fixed or discretionary, the provisions of the preceding paragraph apply unless the amount to be allocated to the Participant for the Plan Year can be determined without any discretion on the part of the Employer.

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ARTICLE V
VALUATIONS

5.1 VALUATION OF THE TRUST FUND

The Administrator shall direct the Trustee (or Insurer), as of each Valuation Date, to determine the net worth of the assets comprising the Trust Fund as it exists on the Valuation Date. In determining such net worth, the Trustee (or Insurer) shall value the assets comprising the Trust Fund at their fair market value as of the Valuation Date and may deduct all expenses for which the Trustee (or Insurer) has not yet been paid by the Employer or the Trust Fund. The Trustee (or Insurer), when determining the net worth of the assets, may update the value of any shares held in a Participant Directed Account by reference to the number of shares held on behalf of the Participant, priced at the market value as of the Valuation Date.

5.2 METHOD OF VALUATION

Except as otherwise provided in the Trust agreement, in determining the fair market value of securities held in the Trust Fund which are listed on a registered stock exchange, the Administrator shall direct the Trustee (or Insurer) to value the same at the prices they were last traded on such exchange preceding the close of business on the Valuation Date. If such securities were not traded on the Valuation Date, or if the exchange on which they are traded was not open for business on the Valuation Date, then the securities shall be valued at the prices at which they were last traded prior to the Valuation Date. Any unlisted security held in the Trust Fund shall be valued at its bid price next preceding the close of business on the Valuation Date, which bid price shall be obtained from a registered broker or an investment banker. In determining the fair market value of assets other than securities for which trading or bid prices can be obtained, the Trustee, the Administrator (if the Trustee is a directed Trustee), or Insurer may appraise such assets itself (assuming it has the appropriate expertise), or in its discretion, employ one or more appraisers for that purpose and rely on the values established by such appraiser or appraisers.

ARTICLE VI
DETERMINATION AND DISTRIBUTION OF BENEFITS

6.1 DETERMINATION OF BENEFITS UPON RETIREMENT

Every Participant may terminate employment with the Employer and retire for purposes hereof on the Participant's Normal Retirement Date or Early Retirement Date. However, a Participant may postpone the severance of employment with the Employer to a later date, in which event the participation of such Participant in the Plan, including the right to receive allocations pursuant to Section 4.3, shall continue until such Participant's Retirement Date. Upon a Participant's Retirement Date, or if elected in the Adoption Agreement, the attainment of Normal Retirement Date without severance of employment with the Employer (subject to Section 6.11), or as soon thereafter as is practicable, the Administrator shall direct the distribution, at the election of the Participant (unless a distribution is mandatory under the other terms of the Plan), of the Participant's entire Vested interest in the Plan in accordance with Section 6.5.

6.2 DETERMINATION OF BENEFITS UPON DEATH

(a) **100% vesting on death.** Upon the death of a Participant before the Participant's Retirement Date or other severance of employment, all amounts credited to such Participant's Combined Account shall, if elected in the Adoption Agreement, become fully Vested. The Administrator shall direct, in accordance with the provisions of Sections 6.6 and 6.7, the distribution of the deceased Participant's Vested accounts to the Participant's Beneficiary.

(b) **Distribution upon death.** Upon the death of a Participant, the Administrator shall direct, in accordance with the provisions of Sections 6.6 and 6.7, the distribution of any remaining Vested amounts credited to the accounts of such deceased Participant to such Participant's Beneficiary.

(c) **Determination of death benefit by Administrator.** The Administrator may require such proper proof of death and such evidence of the right of any person to receive payment of the value of the account of a deceased Participant as the Administrator may deem desirable. The Administrator's determination of death and of the right of any person to receive payment shall be conclusive.

(d) **Beneficiary designation.** Each Participant must designate a Beneficiary on a form and in such manner as provided by the Administrator.

(e) **Spousal consent to alternative Beneficiary.** This Subsection applies if the Employer has elected in the Adoption Agreement either to apply the Joint and Survivor Annuity rules or to provide that a Participant's Spouse is the Beneficiary unless the Spouse consents to an alternative Beneficiary. Unless otherwise elected in the manner prescribed in Section 6.6, the Beneficiary of the Pre-Retirement Survivor Annuity (or if applicable, the entire death benefit) shall be the Participant's surviving Spouse. Except, however, the Participant may designate a Beneficiary other than the Spouse if:

(1) the Participant and the Participant's Spouse have validly waived the Pre-Retirement Survivor Annuity in the manner prescribed in Section 6.6, and the Spouse has waived the right to be the Participant's Beneficiary,

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(2) the Participant is legally separated or has been abandoned (within the meaning of local law) and the Participant has a court order to such effect (and there is no "qualified domestic relations order" as defined in Code §414(p) which provides otherwise),

(3) the Participant has no Spouse, or

(4) the Spouse cannot be located.

In such event, the designation of a Beneficiary shall be made on a form satisfactory to the Administrator. A Participant may at any time revoke a designation of a Beneficiary or change a Beneficiary by filing written (or in such other form as permitted by the IRS) notice of such revocation or change with the Administrator. However, the Participant's Spouse must again consent in writing (or in such other form as permitted by the IRS) to any change in Beneficiary unless the original consent acknowledged that the Spouse had the right to limit consent only to a specific Beneficiary and that the Spouse voluntarily elected to relinquish such right.

(f) **Beneficiary if no Beneficiary elected by Participant.** In the event no valid designation of Beneficiary exists, or if the Beneficiary with respect to a portion of a Participant's death benefit is not alive at the time of the Participant's death and no contingent Beneficiary has been designated, then such portion of the death benefit will be paid in the following order of priority, unless the Employer specifies a different order of priority in Appendix A to the Adoption Agreement (Special Effective Dates and Other Permitted Elections), to:

(1) The Participant's surviving Spouse;

(2) The Participant's issue, per stirpes;

(3) The Participant's surviving parents, in equal shares; or

(4) The Participant's estate.

If the Beneficiary does not predecease the Participant, but dies prior to distribution of the death benefit, the death benefit will be paid to the Beneficiary's "designated Beneficiary" (or if there is no "designated Beneficiary," to the Beneficiary's estate). For purposes of these provisions, and with respect to any Beneficiary designations, adopted children shall be treated as children.

(g) **Divorce revokes spousal Beneficiary designation.** Notwithstanding anything in this Section to the contrary, unless otherwise elected in Appendix A to the Adoption Agreement (Special Effective Dates and Other Permitted Elections) or prohibited by applicable State law, if a Participant has designated the Spouse as a Beneficiary, then a divorce decree that relates to such Spouse shall revoke the Participant's designation of the Spouse as a Beneficiary unless the decree or a "qualified domestic relations order" (within the meaning of Code §414(p)) provides otherwise or a subsequent Beneficiary designation is made.

(h) **Insured death benefit.** If the Plan provides an insured death benefit and a Participant dies before any insurance coverage to which the Participant is entitled under the Plan is effected, the death benefit from such insurance coverage shall be limited to the premium which was or otherwise would have been used for such purpose.

(i) **Plan terms control.** In the event of any conflict between the terms of this Plan and the terms of any Contract issued hereunder, the Plan provisions shall control.

6.3 DETERMINATION OF BENEFITS IN EVENT OF DISABILITY

In the event of a Participant's Total and Permanent Disability prior to the Participant's Retirement Date or other severance of employment, all amounts credited to such Participant's Combined Account shall, if elected in the Adoption Agreement, become fully Vested. In the event of a Participant's Total and Permanent Disability, the Participant's entire Vested interest in the Plan will be distributable and may be distributed in accordance with the provisions of Sections 6.5 and 6.7.

6.4 DETERMINATION OF BENEFITS UPON TERMINATION

(a) **Payment on severance of employment.** If a Participant's employment with the Employer and any Affiliated Employer is severed for any reason other than death, Total and Permanent Disability, or attainment of the Participant's Retirement Date, then such Participant shall be entitled to such benefits as are provided herein.

Distribution of the funds due to a Terminated Participant shall be made on the occurrence of an event which would result in the distribution had the Terminated Participant remained in the employ of the Employer (upon the Participant's death, Total and Permanent Disability, Early or Normal Retirement). However, at the election of the Participant, the Administrator shall direct that the entire Vested portion of the Terminated Participant's Combined Account be payable to such Terminated Participant provided the conditions, if any, set forth in the Adoption Agreement have been satisfied. Any distribution under this paragraph shall be made in a manner which is consistent with and satisfies the provisions of Section 6.5.

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Regardless of whether distributions in kind are permitted, in the event the amount of the Vested portion of the Terminated Participant's Combined Account equals or exceeds the fair market value of any insurance Contracts, the Administrator may direct the Trustee (or Insurer), when agreed to by the Terminated Participant, to assign, transfer, and set over to such Terminated Participant all Contracts on such Terminated Participant's life in such form or with such endorsements, so that the settlement options and forms of payment are consistent with the provisions of Section 6.5. In the event that the Terminated Participant's Vested portion does not at least equal the fair market value of the Contracts, if any, the Terminated Participant may pay over to the Trustee (or Insurer) the sum needed to make the distribution equal to the value of the Contracts being assigned or transferred, or the Trustee (or Insurer), pursuant to the Participant's election, may borrow the cash value of the Contracts from the Insurer so that the value of the Contracts is equal to the Vested portion of the Terminated Participant's Combined Account and then assign the Contracts to the Terminated Participant.

Notwithstanding the above, unless otherwise elected in the Adoption Agreement, if the value of a Terminated Participant's Vested benefit derived from Employer and Employee contributions does not exceed $5,000 (or such lower amount as elected in the Adoption Agreement), the Administrator shall direct that the entire Vested benefit be paid to such Participant in a single lump-sum as soon as practical without regard to the consent of the Participant, provided the conditions, if any, set forth in the Adoption Agreement have been satisfied. A Participant's Vested benefit shall not include (1) qualified voluntary employee contributions within the meaning of Code §72(o)(5)(B) and (2) if selected in the Conditions for Distributions Upon Severance of Employment Section of the Adoption Agreement, the Participant's Rollover Account. If a mandatory distribution is made pursuant to this paragraph and such distribution is greater than $1,000 and the Participant does not elect to have such distribution paid directly to an "eligible retirement plan" specified by the Participant in a "direct rollover" in accordance with Section 6.14 or to receive the distribution directly, then the Administrator shall transfer such amount to an individual retirement account described in Code §408(a) or an individual retirement annuity described in Code §408(b) designated by the Administrator. However, if the Participant elects to receive or make a "direct rollover" of such amount, then the Administrator shall direct the Trustee (or Insurer) to cause the entire Vested benefit to be paid to such Participant in a single lump sum, or make a "direct rollover" pursuant to Section 6.14, provided the conditions, if any, set forth in the Adoption Agreement have been satisfied. The Administrator may establish a procedure as to whether a Participant who fails to make an affirmative election with respect to a mandatory distribution of $1,000 or less is treated as having made or not made a "direct rollover" election. For purposes of determining whether the $1,000 threshold set forth in this paragraph is met, the mandatory distribution includes amounts in a Participant's Rollover Account. For purposes of determining whether the $5,000 threshold in this paragraph is met, a Participant's Rollover Account is taken into account unless otherwise elected in the Adoption Agreement.

(b) **Vesting schedule.** The Vested portion of any Participant's Account shall be a percentage of such Participant's Account determined on the basis of the Participant's number of Years of Service (or Periods of Service if the elapsed time method is elected) according to the vesting schedule specified in the Adoption Agreement. However, a Participant's entire interest in the Plan shall be non-forfeitable upon the Participant's Normal Retirement Age (if the Participant is employed by the Employer on or after such date). In addition, Employee contributions (voluntary and mandatory) and contributions for sick leave/vacation leave conversions shall be fully Vested.

6.5 DISTRIBUTION OF BENEFITS

(a) **Forms of distributions.** Subject to the Joint and Survivor Annuity requirements in Subsection (e) below (if the Employer elects to apply such provisions), the Administrator, pursuant to the election of the Participant, shall direct the distribution to a Participant or Beneficiary any amount to which the Participant or Beneficiary is entitled under the Plan in one or more of the following methods which are permitted pursuant to the Adoption Agreement.

(1) One lump-sum payment in cash or in property, provided that if a distribution of property is permitted, it shall be limited to property that is specifically allocated and identifiable with respect to such Participant.

(2) Partial withdrawals.

(3) Payments over a period certain in monthly, quarterly, semi-annual, or annual cash installments. The period over which such payment is to be made shall not extend beyond the earlier of the Participant's life expectancy (or the joint life expectancy of the Participant and the Participant's designated Beneficiary). Once payments have begun, a Participant may elect to accelerate the payments (reduce the term and increase payments).

(4) Purchase of or providing an annuity. However, such annuity may not be in any form that will provide for payments over a period extending beyond either the life of the Participant (or the lives of the Participant and the Participant's designated Beneficiary) or the life expectancy of the Participant (or the life expectancy of the Participant and the Participant's designated Beneficiary).

(b) **Consent to distributions.** Benefits may not be paid without a Participant's consent if the value of the Participant's Accounts exceed the dollar threshold specified in the Adoption Agreement. If the value of the Participant's Accounts does not exceed such threshold, then the Administrator may only distribute such benefit in a lump-sum. For purposes of this Subsection, the Participant's Accounts shall not include, if selected in the Conditions for Distributions Upon Severance of Employment Section of the Adoption Agreement, the Participant's Rollover Account.

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(c) **Required minimum distributions (Code §401(a)(9)).** Notwithstanding any provision in the Plan to the contrary, the distribution of a Participant's benefits, whether under the Plan or through the purchase of an annuity Contract, shall be made in accordance with the requirements of Section 6.8.

(d) **Annuity Contracts.** All annuity Contracts under this Plan shall be non-transferable when distributed. Furthermore, the terms of any annuity Contract purchased and distributed to a Participant or Spouse shall comply with all of the requirements of this Plan.

(e) **Qualified Joint and Survivor Annuity.**

(1) The provisions of this Subsection (e) apply if the Employer elects to apply the Joint and Survivor Annuity rules in the Adoption Agreement. A Participant who is married on the Annuity Starting Date and who does not die before the Annuity Starting Date shall receive the value of all Plan benefits in the form of a Joint and Survivor Annuity. The Joint and Survivor Annuity is an annuity that commences immediately and shall be equal in value to a single life annuity. Such joint and survivor benefits following the Participant's death shall continue to the Spouse during the Spouse's lifetime at a rate equal to either fifty percent (50%), seventy-five percent (75%) (or, sixty-six and two-thirds percent (66 2/3%) if the Insurer used to provide the annuity does not offer a joint and seventy-five percent (75%) survivor annuity), or one hundred percent (100%) of the rate at which such benefits were payable to the Participant. Unless otherwise elected in the Adoption Agreement, a joint and fifty percent (50%) survivor annuity shall be considered the designated qualified Joint and Survivor Annuity and the normal form of payment for the purposes of this Plan. However, the Participant may, without spousal consent, elect an alternative Joint and Survivor Annuity, which alternative shall be equal in value to the designated qualified Joint and Survivor Annuity. An unmarried Participant shall receive the value of such Participant's benefit in the form of a life annuity. Such unmarried Participant, however, may elect to waive the life annuity. The election must comply with the provisions of this Section as if it were an election to waive the Joint and Survivor Annuity by a married Participant, but without fulfilling the spousal consent requirement. The Participant may elect to have any annuity provided for in this Section distributed upon the attainment of the "earliest retirement age" under the Plan. The "earliest retirement age" is the earliest date on which, under the Plan, the Participant could elect to receive retirement benefits.

(2) Any election to waive the Joint and Survivor Annuity must be made by the Participant in writing (or in such other form as permitted by the IRS) during the election period and be consented to in writing (or in such other form as permitted by the IRS) by the Participant's Spouse. If the Spouse is legally incompetent to give consent, the Spouse's legal guardian, even if such guardian is the Participant, may give consent. Such election shall designate a Beneficiary (or a form of benefits) that may not be changed without spousal consent (unless the consent of the Spouse expressly permits designations by the Participant without the requirement of further consent by the Spouse). Such Spouse's consent shall be irrevocable and must acknowledge the effect of such election and be witnessed by a Plan representative or a notary public. Such consent shall not be required if it is established to the satisfaction of the Administrator that the required consent cannot be obtained because there is no Spouse, the Spouse cannot be located, or other circumstances that may be prescribed by Regulations. The election made by the Participant and consented to by such Participant's Spouse may be revoked by the Participant in writing (or in such other form as permitted by the IRS) without the consent of the Spouse at any time during the election period. A revocation of a prior election shall cause the Participant's benefits to be distributed as a Joint and Survivor Annuity. The number of revocations shall not be limited. Any new election must comply with the requirements of this paragraph. A former Spouse's waiver shall not be binding on a new Spouse.

(3) The election period to waive the Joint and Survivor Annuity shall be the one-hundred eighty (180) day period ending on the Annuity Starting Date.

(4) For purposes of this Section and Section 6.6, Spouse or surviving Spouse means the Spouse or surviving Spouse of the Participant, provided that a former Spouse will be treated as the Spouse or surviving Spouse and a current Spouse will not be treated as the Spouse or surviving Spouse to the extent provided under a "qualified domestic relations order" as described in Code §414(p).

(5) With regard to the election, except as otherwise provided herein, the Administrator shall, in accordance with Regulation §1.417(a)(3)-1, provide to the Participant no less than thirty (30) days and no more than one-hundred eighty (180) days before the Annuity Starting Date a written (or such other form as permitted by the IRS) explanation of:

(i) the terms and conditions of the qualified Joint and Survivor Annuity and the "qualified optional survivor annuity" that is payable in lieu of the qualified Joint and Survivor Annuity,

(ii) the Participant's right to make and the effect of an election to waive the Joint and Survivor Annuity,

(iii) the right of the Participant's Spouse to consent to any election to waive the Joint and Survivor Annuity, and

(iv) the right of the Participant to revoke such election, and the effect of such revocation.

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(6) Any distribution provided for in this Section may commence less than thirty (30) days after the notice required by Code §417(a)(3) is given provided the following requirements are satisfied:

(i) the Administrator clearly informs the Participant that the Participant has a right to a period of thirty (30) days after receiving the notice to consider whether to waive the Joint and Survivor Annuity and to elect (with spousal consent) a form of distribution other than a Joint and Survivor Annuity;

(ii) the Participant is permitted to revoke any affirmative distribution election at least until the Annuity Starting Date or, if later, at any time prior to the expiration of the seven (7) day period that begins the day after the explanation of the Joint and Survivor Annuity is provided to the Participant;

(iii) the Annuity Starting Date is after the time that the explanation of the Joint and Survivor Annuity is provided to the Participant. However, the Annuity Starting Date may be before the date that any affirmative distribution election is made by the Participant and before the date that the distribution is permitted to commence under (iv) below; and

(iv) distribution in accordance with the affirmative distribution election does not commence before the expiration of the seven (7) day period that begins the day after the explanation of the Joint and Survivor Annuity is provided to the Participant.

(f) **Qualified Joint and Survivor Annuity but not the normal form.** The provisions of this Section apply if the Employer has elected in the Adoption Agreement to apply the Joint and Survivor Annuity requirement to a Participant, but the Qualified Joint and Survivor Annuity is not the normal form of distribution.

(1) The Joint and Survivor Annuity provisions of Section 6.5(e) shall not apply if a Participant does not elect an annuity form of distribution. Furthermore, Subsection (3) below shall not apply if a Participant elects an annuity form of distribution.

(2) Notwithstanding anything in Sections 6.2 and 6.6 to the contrary, upon the death of a Participant, the automatic form of distribution will be a lump-sum rather than a Qualified Pre-Retirement Survivor Annuity. Furthermore, the Participant's Spouse will be the Beneficiary of the Participant's entire Vested interest in the Plan unless an election is made to waive the Spouse as Beneficiary. The other provisions in Section 6.2 shall be applied by treating the death benefit in this Subsection as though it is a Qualified Pre-Retirement Survivor Annuity.

(3) Except to the extent otherwise provided in this Section, the provisions of Sections 6.2 and 6.5 regarding spousal consent shall be inoperative with respect to this Plan.

(4) The distribution may commence less than thirty (30) days after the notice required under Regulation §1.411(a)-11(c) is given, provided:

(i) the Administrator clearly informs the Participant that the Participant has a right to a period of at least thirty (30) days after the notice to consider the decision of whether or not to elect a distribution (and, if applicable, a particular distribution option), and

(ii) the Participant, after receiving the notice, affirmatively elects a distribution.

6.6 DISTRIBUTION OF BENEFITS UPON DEATH

(a) **Consent**. If the value of the death benefit derived from Employer and Employee contributions does not exceed $5,000, the Administrator shall direct the distribution of such amount to the Participant's Beneficiary in a single lump-sum as soon as practicable. If the value exceeds $5,000, an immediate distribution of the entire amount may be made to the Beneficiary, provided such Beneficiary consents to the distribution.

(b) **Forms of distribution.** Death benefits may be paid to a Participant's Beneficiary in one of the following optional forms of benefits subject to the rules specified in Section 6.8 and the elections made in the Adoption Agreement. Such optional forms of distributions may be elected by the Participant. However, if no optional form of distribution was elected by the Participant prior to death, then the Participant's Beneficiary may elect the form of distribution.

(1) One lump-sum payment in cash or in property that is allocated to the Accounts of the Participant at the time of the distribution.

(2) Partial withdrawals.

(3) Payment in monthly, quarterly, semi-annual, or annual cash installments over a period to be determined by the Participant or the Participant's Beneficiary. In order to provide such installment payments, the Administrator may (A) segregate the aggregate

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amount thereof in a separate, federally insured savings account, certificate of deposit in a bank or savings and loan association, money market certificate or other liquid short-term security or (B) purchase a nontransferable annuity Contract for a term certain (with no life contingencies) providing for such payment. After periodic installments commence, the Beneficiary shall have the right to reduce the period over which such periodic installments shall be made, and the cash amount of such periodic installments shall be adjusted accordingly.

(4) In the form of an annuity over the life expectancy of the Beneficiary.

(c) **Required minimum distributions (Code §401(a)(9)).** Notwithstanding any provision in the Plan to the contrary, distributions upon the death of a Participant shall comply with the requirements of Section 6.8.

(d) **Payment to a child**. For purposes of this Section, any amount paid to a child of the Participant will be treated as if it had been paid to the surviving Spouse if the amount becomes payable to the surviving Spouse when the child reaches the age of majority.

(e) **Voluntary Contribution Account.** In the event that less than one hundred percent (100%) of a Participant's interest in the Plan is distributed to such Participant's Spouse, the portion of the distribution attributable to the Participant's Voluntary Contribution Account shall be in the same proportion that the Participant's Voluntary Contribution Account bears to the Participant's total interest in the Plan.

(f) **Qualified Pre-Retirement Survivor Annuity (QPSA).** The provisions of this Subsection (f) apply if the Employer elects to apply the Joint and Survivor Annuity rules in the Adoption Agreement. Unless otherwise elected as provided below, a Vested Participant who dies before the Annuity Starting Date and who has a surviving Spouse shall have the Pre-Retirement Survivor Annuity paid to the surviving Spouse. The Participant's Spouse may direct that payment of the Pre-Retirement Survivor Annuity commence within a reasonable period after the Participant's death. If the Spouse does not so direct, payment of such benefit will commence at the time the Participant would have attained the later of Normal Retirement Age or age 62. However, the Spouse may elect a later commencement date. Any distribution to the Participant's Spouse shall be subject to the rules specified in Section 6.8.

(1) **Election to waive QPSA**. Any election to waive the Pre-Retirement Survivor Annuity before the Participant's death must be made by the Participant in writing (or in such other form as permitted by the IRS) during the election period and shall require the Spouse's irrevocable consent in the same manner provided for in Section 6.5(e)(2). Further, the Spouse's consent must acknowledge the specific non-Spouse Beneficiary. Notwithstanding the foregoing, the non-Spouse Beneficiary need not be acknowledged, provided the consent of the Spouse acknowledges that the Spouse has the right to limit consent only to a specific Beneficiary and that the Spouse voluntarily elects to relinquish such right.

(2) **Time to waive QPSA**. The election period to waive the Pre-Retirement Survivor Annuity shall begin on the first day of the Plan Year in which the Participant attains age 35 and end on the date of the Participant's death. An earlier waiver (with spousal consent) may be made provided a written (or such other form as permitted by the IRS) explanation of the Pre-Retirement Survivor Annuity is given to the Participant and such waiver becomes invalid at the beginning of the Plan Year in which the Participant turns age 35. In the event a Participant separates from service prior to the beginning of the election period, the election period shall begin on the date of such separation from service.

(3) **QPSA notice.** With regard to the election, the Administrator shall provide each Participant within the applicable election period, with respect to such Participant (and consistent with Regulations), a written (or such other form as permitted by the IRS) explanation of the Pre-Retirement Survivor Annuity containing comparable information to that required pursuant to Section 6.5(e)(5). For the purposes of this paragraph, the term "applicable period" means, with respect to a Participant, whichever of the following periods ends last:

(i) The period beginning with the first day of the Plan Year in which the Participant attains age 32 and ending with the close of the Plan Year preceding the Plan Year in which the Participant attains age 35;

(ii) A reasonable period after the individual becomes a Participant;

(iii) A reasonable period ending after the Plan no longer fully subsidizes the cost of the Pre-Retirement Survivor Annuity with respect to the Participant; or

(iv) A reasonable period ending after Code §401(a)(11) applies to the Participant.

For purposes of applying this Subsection, a reasonable period ending after the enumerated events described in (ii), (iii) and (iv) is the end of the two (2) year period beginning one (1) year prior to the date the applicable event occurs and ending one (1) year after that date. In the case of a Participant who separates from service before the Plan Year in which age 35 is attained, notice shall be provided within the two (2) year period beginning one (1) year prior to separation and ending one (1) year after separation. If such a Participant thereafter returns to employment with the Employer, the "applicable period" for such Participant shall be redetermined.

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6.7 TIME OF DISTRIBUTION

Except as limited by Section 6.8, whenever a distribution is to be made, or a series of payments are to commence, the distribution or series of payments may be made or begun as soon as practicable. Notwithstanding anything in the Plan to the contrary, unless a Participant otherwise elects, payments of benefits under the Plan will be begin not later than the later of the sixtieth (60th) day after the close of the Plan Year in which the latest of the following events occurs: (a) the date on which the Participant attains the earlier of age 65 or the Normal Retirement Age specified herein; (b) the tenth (10th) anniversary of the year in which the Participant commenced participation in the Plan; or (c) the date the Participant terminates service with the Employer. The failure of a Participant to request a distribution shall be deemed to be an election to defer the commencement of payment of any benefit until the time otherwise permitted under the Plan.

6.8 REQUIRED MINIMUM DISTRIBUTIONS

(a) **General rules**

(1) **Effective Date.** Subject to the good faith interpretation standard, the requirements of this Section shall apply to any distribution of a Participant's interest in the Plan and will take precedence over any inconsistent provisions of this Plan.

(2) **Requirements of Treasury Regulations incorporated.** All distributions required under this Section 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).

(3) **Limits on distribution periods.** As of the first "distribution calendar year," distributions to a Participant may only be made in accordance with the selections made in the Form of Distributions Section of the Adoption Agreement. If such distributions are not made in a single-sum, then they may only be made over one of the following periods: (i) the life of the Participant, (ii) the joint lives of the Participant and a "designated Beneficiary," (iii) a period certain not extending beyond the "life expectancy" of the Participant, or (iv) a period certain not extending beyond the joint life and last survivor expectancy of the Participant and a "designated Beneficiary."

(4) **TEFRA Section 242(b)(2) elections.**

(i) Notwithstanding the other provisions of this Section, other than the Spouse's right of consent afforded under the Plan, distributions may be made on behalf of any Participant, including a five percent (5%) owner, who has made a designation in accordance with Section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and in accordance with all of the following requirements (regardless of when such distribution commences):

(A) The distribution by the Plan is one which would not have disqualified such 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.

(ii) A distribution upon death will not be covered by the transitional rule of this Subsection 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.

(iii) 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 (i)(A) and (i)(E) of this Subsection.

(iv) If a designation is revoked, any subsequent distribution must satisfy the requirements of Code §401(a)(9) and the 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 Regulations thereunder, but for the Section 242(b)(2) election. For calendar years beginning after December 31, 1988, such distributions

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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).

(v) In the case in which an amount is transferred or rolled over from one plan to another plan, the rules in Regulation §1.401(a)(9)-8, Q&A-14 and Q&A-15, shall apply.

(5) **Good faith interpretation standard.** In applying any provision of this section, the Plan will apply a reasonable good faith interpretation of Code §401(a)(9).

(b) **Time and manner of distribution**

(1) **Required beginning date.** The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's "required beginning date."

(2) **Death of Participant before distributions begin.** If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows as elected in the Distributions Upon Death Section of the Adoption Agreement (or if no election is made, then the Beneficiary may elect either the lifetime method or the five-year method and if the Beneficiary makes no election, the five-year method shall apply):

(i) **Lifetime method (Spouse).** If the Participant's surviving Spouse is the Participant's sole "designated Beneficiary," then, except as otherwise provided herein, 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.

(ii) **Lifetime method (non-Spouse).** If the Participant's surviving Spouse is not the Participant's sole "designated Beneficiary," then, except as provided in Section 6.8(b)(3) below, distributions to the "designated Beneficiary" will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(iii) **Five-year method.** If there is no "designated Beneficiary" as of September 30 of the year following the year of the Participant's death or if otherwise elected pursuant to the Adoption Agreement with respect to a "designated Beneficiary," the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(iv) **Death of 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 6.8(b)(2), other than Section 6.8(b)(2)(i), will apply as if the surviving Spouse were the Participant.

For purposes of this Section 6.8(b)(2) and Section 6.8(b)(3), unless Section 6.8(b)(2)(iv) applies, distributions are considered to begin on the Participant's "required beginning date." If Section 6.8(b)(2)(iv) applies, distributions are considered to begin on the date distributions are required to begin to the surviving Spouse under Section 6.8(b)(2)(i). 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 Section 6.8(b)(2)(i)), the date distributions are considered to begin is the date distributions actually commence.

(3) **Forms of distribution.** Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the "required beginning date," as of the first "distribution calendar year" distributions will be made in accordance with Sections 6.8(c) and 6.8(d) and only in a form of distribution provided in Section 6.5 or 6.6, as applicable. 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 thereunder.

(c) **Required minimum distributions during Participant's lifetime**

(1) **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 the following:

(i) the quotient obtained by dividing the "Participant's account balance" by the distribution period in the Uniform Lifetime Table set forth in Regulation §1.401(a)(9)-9, using the Participant's age as of the Participant's birthday in the "distribution calendar year"; or

(ii) 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

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forth in Regulation §1.401(a)(9)-9, using the Participant's and Spouse's attained ages as of the Participant's and Spouse's birthdays in the "distribution calendar year."

(2) **Lifetime required minimum distributions continue through year of Participant's death.** Required minimum distributions will be determined under this Section 6.8(c) beginning with the first "distribution calendar year" and up to and including the "distribution calendar year" that includes the Participant's date of death.

(d) **Required minimum distributions after Participant's death**

(1) **Death on or after date distributions begin.**

(i) **Participant survived by "designated Beneficiary."** If the Participant dies on or after the date 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:

(A) The Participant's remaining "life expectancy" is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(B) If the Participant's surviving Spouse is the Participant's sole "designated Beneficiary," the remaining "life expectancy" of the surviving Spouse is calculated 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.

(C) If the Participant's surviving Spouse is not the Participant's sole "designated Beneficiary," the "designated Beneficiary's" remaining "life expectancy" is calculated using the age of the Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(ii) **No "designated Beneficiary."** If the Participant dies on or after the date distributions begin and there is no "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" calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(2) **Death before date distributions begin.**

(i) **Participant survived by "designated Beneficiary."** Except as provided in Section 6.8(b)(3), if the Participant dies before the date 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 Section 6.8(d)(1).

(ii) **No "designated Beneficiary."** If the Participant dies before the date distributions begin and there is no "designated Beneficiary" as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(iii) **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 6.8(b)(2)(i), this Section 6.8(d)(2) will apply as if the surviving Spouse were the Participant.

(e) **Definitions.** For purposes of this Section, the following definitions apply:

(1) "Designated Beneficiary" means the individual who is designated as the Beneficiary under the Plan and is the "designated Beneficiary" under Code §401(a)(9) and Regulation §1.401(a)(9)-4.

(2) "Distribution calendar year" means 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 which contains the Participant's "required beginning date." For distributions beginning after the Participant's death,

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the first "distribution calendar year" is the calendar year in which distributions are required to begin under Section 6.8(b). 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."

(3) "Life expectancy" means the life expectancy as computed by use of the Single Life Table in Regulation §1.401(a)(9)-9.

(4) "Participant's account balance" means the Participant's account balance as of the last Valuation Date in the calendar year immediately preceding the "distribution calendar year" (valuation calendar year) increased by the amount of any contributions made and allocated or Forfeitures allocated to the account balance as of the dates in the valuation calendar year after the Valuation Date and decreased by distributions made in the valuation calendar year after the Valuation Date. For this purpose, the Administrator may exclude contributions that are allocated to the account balance as of dates in the valuation calendar year after the Valuation Date, but that are not actually made during the valuation calendar year. 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.

(a) **Reduction for QLACs**. A Participant's account balance is reduced by any QLACs (as defined below). This paragraph applies only to QLACs purchased on or after July 2, 2014.

(b) **Definition of QLAC.** A QLAC is qualifying longevity annuity contract as defined in A-17 of Regulation §1.401(a)(9)-6. Pursuant to such Regulation, a QLAC is an annuity contract that is purchased from an insurance company for a Participant and that, in accordance with the rules of application of paragraph (c) below, satisfies each of the following requirements:

(1) The premiums paid with respect to the contract on a date do not exceed the lesser of the following amounts, determined in accordance with the provisions of paragraph (b) of A-17 of Regulation §1.401(a)(9)-6.

(a) An amount equal to the excess of $125,000 (as adjusted under paragraph (d)(2) of A–17 of Regulation §1.401(a)(9)-6), over the sum of the premiums paid before that date with respect to the contract, and the premiums paid on or before that date with respect to any other contract that is intended to be a QLAC and that is purchased for the Participant under the Plan, or any other plan, annuity, or account described in Code §401(a), 403(a), 403(b), or 408 or eligible governmental plan under §457(b).

(b) An amount equal to the excess of 25% of the Participant's account balance under the Plan (including the value of any QLAC held under the Plan for the Participant) as of that date, over the sum of the premiums paid before that date with respect to the contract, and the premiums paid on or before that date with respect to any other contract that is intended to be a QLAC and that is held or was purchased for the Participant under the Plan.

(2) The contract provides that distributions under the contract must commence not later than a specified annuity starting date that is no later than the first day of the month next following the eighty-fifth (85^{th}) anniversary of the Employee's birth;

(3) The contract provides that, after distributions under the contract commence, those distributions must satisfy the requirements of paragraph (c) of A-17 of Regulation §1.401(a)(9)-6 (other than the requirement that annuity payments commence on or before the required beginning date (RBD));

(4) The contract does not make available any commutation benefit, cash surrender right, or other similar feature except as otherwise permitted under A-17 of Regulation §1.401(a)(9)-6;

(5) No benefits are provided under the contract after the death of the employee other than the benefits described in paragraph (c) of A-17 of Regulation §1.401(a)(9)-6;

(6) Except as otherwise permitted under A-17 of Regulation §1.401(a)(9)-6, when the contract is issued, the contract (or a rider or endorsement with respect to that contract) states that the contract is intended to be a QLAC; and

(7) The contract is not a variable contract under Code §817, an indexed contract, or a similar contract, except to the extent provided by the Commissioner in revenue rulings, notices, or other guidance published in the Internal Revenue Bulletin.

(c) **Rules of application relating to premiums.**

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(1) **Reliance on representations**. For purposes of the limitation on premiums described in paragraphs (b)(1) and (2) above, unless the Administrator has actual knowledge to the contrary, the Administrator may rely on an Employee's representation (made in writing or such other form as may be prescribed by the Commissioner) of the amount of the premiums described in such paragraphs, but only with respect to premiums that are not paid under a plan, annuity, or contract that is maintained by the Employer or an entity that is treated as a single employer with the Employer under Code §414(b), (c), (m), or (o).

(2) **Consequences of excess premiums.** If an annuity contract fails to be a QLAC solely because a premium for the contract exceeds the limits under paragraph (b)(1)(a) above, then the contract is not a QLAC beginning on the date that premium payment is made unless the excess premium is returned to the non-QLAC portion of the Participant's account in accordance with paragraph (d)(1)(ii)(B) of A-17 of Regulation §1.401(a)(9)-6. If the contract fails to be a QLAC, then the value of the contract may not be disregarded under paragraph (a) above as of the date on which the contract ceases to be a QLAC.

If the excess premium is returned (either in cash or in the form of a contract that is not intended to be a QLAC) to the non-QLAC portion of the Participant's account by the end of the calendar year following the calendar year in which the excess premium was originally paid, then the contract will not be treated as exceeding the limits under paragraph (b)(1)(a) above at any time, and the value of the contract will not be included in the employee's account balance under paragraph (a) above. If the excess premium (including the fair market value of an annuity contract that is not intended to be a QLAC, if applicable) is returned to the non-QLAC portion of the Participant's account after the last valuation date for the calendar year in which the excess premium was originally paid, then the Participant's account balance for that calendar year must be increased to reflect that excess premium in the same manner as a Participant's account balance is increased under Regulation §1.401(a)(9)–7, A–2 to reflect a rollover received after the last valuation date.

(3) **Application of 25-percent limit**. For purposes of the 25% limit under paragraph (b)(1)(b) above, a Participant's account balance on the date on which premiums for a contract are paid is the account balance as of the last valuation date preceding the date of the premium payment, adjusted as follows. The account balance is increased for contributions allocated to the account during the period that begins after the valuation date and ends before the date the premium is paid and decreased for distributions made from the account during that period.

(d) **Dollar and age limitations subject to adjustments.** In the case of calendar years beginning on or after January 1, 2015, the $125,000 amount under paragraph (b)(1)(a) will be adjusted at the same time and in the same manner as the limits are adjusted under Code §415(d), except that the base period shall be the calendar quarter beginning July 1, 2013, and any increase under this paragraph that is not a multiple of $10,000 will be rounded to the next lowest multiple of $10,000. The maximum age set forth in paragraph (b)(2) may be adjusted to reflect changes in mortality, with any such adjusted age to be prescribed by the Commissioner in revenue rulings, notices, or other guidance published in the Internal Revenue Bulletin and made available by the Superintendent of Documents.

If a contract fails to be a QLAC because it does not satisfy the dollar limitation in paragraph (b)(1)(a) or the age limitation in paragraph (b)(2), any subsequent adjustment that is made pursuant to this paragraph (d) will not cause the contract to become a QLAC.

(5) "Required beginning date" means, except as otherwise elected in Appendix A to the Adoption Agreement (Special Effective Dates and Other Permitted Elections), with respect to any Participant, April 1 of the calendar year following the later of the calendar year in which the Participant attains age 70 1/2 or the calendar year in which the Participant retires.

6.9 DISTRIBUTION FOR MINOR OR INCOMPETENT INDIVIDUAL

If, in the opinion of the Administrator, a Participant or Beneficiary entitled to a distribution is not able to care for his or her affairs because of a mental condition, a physical condition, or by reason of age in the case of a minor, the Administrator shall direct the distribution to the Participant's or Beneficiary's valid power of attorney, court appointed guardian, or any other person authorized under state law to receive the benefit (including a custodian under a Uniform Transfers or Gifts to Minors Act), upon furnishing evidence of such status satisfactory to the Administrator. The Administrator and the Trustee (or Insurer) do not have any liability with respect to payments so made and neither the Administrator nor the Trustee (or Insurer) has any duty to make inquiry as to the competence of any person entitled to receive payments under the Plan.

6.10 LOCATION OF PARTICIPANT OR BENEFICIARY UNKNOWN

In the event that all, or any portion, of the distribution payable to a Participant or Beneficiary hereunder shall, at the later of the Participant's attainment of age 62 or Normal Retirement Age, remain unpaid solely by reason of the inability of the Administrator to ascertain the whereabouts of such Participant or Beneficiary, the amount so distributable may, in the sole discretion of the Administrator, either be treated as a Forfeiture or be paid directly to an individual retirement account described in Code §408(a) or an individual

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retirement annuity described in Code §408(b). Before treating any Participant as being missing, the Administrator must conduct a reasonable and diligent search for the Participant, using one or more of search methods the Plan Administrator determines are appropriate under the circumstances, such as the methods suggested by DOL Field Assistance Bulletin 2014-01. Such search methods include:

(1) provide a distribution notice to the lost Participant at the Participant's last known address by certified or registered mail;
(2) check with the administrator of other employee benefit plans of the Employer that may have more up-to-date information regarding the Participant's whereabouts;
(3) identify and contact the Participant's Designated Beneficiary;
(4) use one or more free internet search tools;
(5) attempt contact via email or telephone, or
(6) use proprietary internet search tools, commercial locator services, credit reporting agencies, information brokers, or other search methods. Regarding search methods (2) and (3) above, if the Plan Administrator encounters privacy concerns, the Plan Administrator may request that the Employer or other plan fiduciary (under (2)), or the Designated Beneficiary (under (3)), contact the Participant or forward a letter requesting that the Participant contact the Plan Administrator.

In addition, if the Plan provides for mandatory distributions and the amount to be distributed to a Participant or Beneficiary does not exceed $1,000, then the amount distributable may, in the sole discretion of the Administrator, either be treated as a Forfeiture, be paid directly to an individual retirement account described in Code §408(a) or an individual retirement annuity described in Code §408(b) or use the PBGC Missing Participant Program, or any successor program, at the time it is determined that the whereabouts of the Participant or the Participant's Beneficiary cannot be ascertained. In the event a Participant or Beneficiary is located subsequent to the Forfeiture and prior to the time the Plan has been terminated, such benefit shall be restored, first from Forfeitures, if any, and then from an additional Employer contribution if necessary. Upon Plan termination, the portion of the distributable amount that is an "eligible rollover distribution" as defined in Section 6.14(b)(1) may be paid directly to an individual retirement account described in Code §408(a) or an individual retirement annuity described in Code §408(b). However, regardless of the preceding, a benefit that is lost by reason of escheat under applicable state law is not treated as a Forfeiture for purposes of this Section nor as an impermissible forfeiture under the Code.

6.11 IN-SERVICE DISTRIBUTION

If elected in the Adoption Agreement, at such time as the conditions set forth in the Adoption Agreement have been satisfied, then the Administrator, at the election of a Participant who has not severed employment with the Employer, shall direct the distribution of up to the entire Vested amount then credited to the Accounts as elected in the Adoption Agreement maintained on behalf of such Participant. For purposes of this Section, a Participant shall include an Employee who has an Account balance in the Plan. In the event that the Administrator makes such a distribution, the Participant shall continue to be eligible to participate in the Plan on the same basis as any other Employee. Any distribution made pursuant to this Section shall be made in a manner consistent with Section 6.5. Furthermore, if an in-service distribution is permitted from more than one account type, the Administrator may determine any ordering of a Participant's in-service distribution from such accounts. The Administrator may adopt a policy imposing frequency limitations or other reasonable administrative conditions on in-service distributions made pursuant to this Section.

6.12 DISTRIBUTION FOR HARDSHIP

(a) **Hardship events.** If elected in the Adoption Agreement, the Administrator, at the election of the Participant, shall direct the distribution to any Participant in any one Plan Year to an amount necessary to satisfy the Participant's immediate and heavy financial need, determined in accordance with the remaining provisions of this Section. A hardship distribution may only be made on account of an immediate and heavy financial need of the Participant and where the distribution is necessary to satisfy the immediate and heavy financial need. Such distributions may also be made from those Accounts from which such distribution are authorized by the remaining provisions of this Section. For purposes of this Section, a Participant shall include an Employee who has an Account balance in the Plan. Any distribution made pursuant to this Section shall be deemed to be made as of the first day of the Plan Year or, if later, the Valuation Date immediately preceding the date of distribution, and the Account from which the distribution is made shall be reduced accordingly. Withdrawal under this Section shall be authorized only if the distribution is for an immediate and heavy financial need. The Administrator will determine whether there is an immediate and heavy financial need based on the facts and circumstances. An immediate and heavy financial need includes, but is not limited to, a distribution for one of the following:

(1) Expenses for (or necessary to obtain) medical care (as defined in Code §213(d));

(2) Costs directly related to the purchase (excluding mortgage payments) of a principal residence for the Participant;

(3) Payments for burial or funeral expenses for the Participant's deceased parent, Spouse, children or dependents (as defined in Code §152, and without regard to Code §152(d)(1)(B));

(4) Payment of tuition, related educational fees, and room and board expenses, for up to the next twelve (12) months of post-secondary education for the Participant, the Participant's Spouse, children, or dependents (as defined in Code §152, and without regard to Code §§152(b)(1), (b)(2), and (d)(1)(B));

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(5) Payments necessary to prevent the eviction of the Participant from the Participant's principal residence or foreclosure on the mortgage on that residence; or

(6) Expenses for the repair of damage to the Participant's principal residence that would qualify for the casualty deduction under Code §165 (determined without regard to whether the loss exceeds 10% of adjusted gross income).

(b) **Beneficiary-based distribution.** If in the Adoption Agreement, then effective as of the date specified in the Adoption Agreement, a Participant's hardship event includes an immediate and heavy financial need of the Participant's "primary Beneficiary under the Plan," that would constitute a hardship event if it occurred with respect to the Participant's Spouse or dependent as defined under Code §152 (such hardship events being limited to educational expenses, funeral expenses and certain medical expenses). For purposes of this Section, a Participant's "primary Beneficiary under the Plan" is an individual who is named as a Beneficiary under the Plan (by the Participant or pursuant to Section 6.2) and has an unconditional right to all or a portion of the Participant's Account balance under the Plan upon the Participant's death.

(c) **Other limits and conditions.** If elected in the Adoption Agreement, no distribution shall be made pursuant to this Section from the Participant's Account until such Account has become fully Vested. Furthermore, if a hardship distribution is permitted from more than one Account, the Administrator may determine any ordering of a Participant's hardship distribution from such Accounts.

(d) **Distribution rules apply.** Any distribution made pursuant to this Section shall be made in a manner which is consistent with and satisfies the provisions of Section 6.5.

6.13 QUALIFIED DOMESTIC RELATIONS ORDER DISTRIBUTION

All benefits provided to a Participant in this Plan shall be subject to the rights afforded to any Alternate Payee under a "qualified domestic relations order." Furthermore, unless otherwise elected in Appendix A to the Adoption Agreement (Special Effective Dates and Other Permitted Elections) a distribution to an Alternate Payee shall be permitted if such distribution is authorized by a "qualified domestic relations order," even if the affected Participant has not reached the "earliest retirement age." For the purposes of this Section, "qualified domestic relations order" and "earliest retirement age" shall have the meanings set forth under Code §414(p). For purposes of this Section, however, a distribution that is made pursuant to a domestic relations order which meets the requirements of Code §414(p)(1)(A)(i) will be treated as being made pursuant to a "qualified domestic relations order. "

A domestic relations order that otherwise satisfies the requirements for a "qualified domestic relations order" will not fail to be a "qualified domestic relations order": (i) solely because the order is issued after, or revises, another domestic relations order or "qualified domestic relations order"; or (ii) solely because of the time at which the order is issued, including issuance after the Annuity Starting Date or after the Participant's death.

6.14 DIRECT ROLLOVERS

(a) **Right to direct rollover.** Notwithstanding any provision of the Plan to the contrary that would otherwise limit a "distributee's" election under this Section, a "distributee" may elect, at the time and in the manner prescribed by the Administrator, to have an "eligible rollover distribution" paid directly to an "eligible retirement plan" specified by the "distributee" in a "direct rollover." However, if less than the entire amount of the "eligible rollover distribution" is being paid directly to an "eligible retirement plan," then the Administrator may require that the amount paid directly to such plan be at least $500.

(b) **Definitions.** For purposes of this Section, the following definitions shall apply:

(1) **Eligible rollover distribution.** An "eligible rollover distribution" means any distribution described in Code §402(c)(4) and generally includes any distribution of all or any portion of the balance to the credit of the "distributee," except that an "eligible rollover distribution" does not include: (a) 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 "distributee" or the joint lives (or joint life expectancies) of the "distributee" and the "distributee's" "designated Beneficiary," or for a specified period of ten (10) years or more; (b) any distribution to the extent such distribution is required under Code §401(a)(9); (c) any hardship distribution; (d) the portion of any other distribution(s) that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); (e) any loans that are treated as deemed distributions under Code §72(p) which are not also an offset distribution; (f) the costs of life insurance coverage (P.S. 58 costs); (g) any other distributions described in Regulation §1.402(c)-2; and any other distribution reasonably expected to total less than $200 during a year.

Notwithstanding the above, a portion of a distribution shall not fail to be an "eligible rollover distribution" merely because the portion consists of after-tax voluntary Employee contributions which are not includible in gross income. However, such portion may be transferred only to:

(i) a traditional individual retirement account or annuity described in Code §408(a) or (b) (a "traditional IRA")

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(ii) for taxable years beginning after December 31, 2006, a Roth individual account or annuity described in Code §408A (a "Roth IRA"), or

(iii) a qualified defined contribution plan or an annuity contract described in Code §401(a) or Code §403(b), respectively, that agrees to separately account for amounts so transferred (and earnings thereon), including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

(2) **Eligible retirement plan.** An "eligible retirement plan" is a "traditional IRA," a "Roth IRA," a qualified trust (an employees' trust) described in Code §401(a) which is exempt from tax under Code §501(a), an annuity plan described in Code §403(a), 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 and which agrees to separately account for amounts transferred into such plan from this Plan, and an annuity contract described in Code §403(b), and for distributions made after December 18, 2015, a SIMPLE IRA to the extent permitted under Code §408(p)(1)(B), that accepts the "distributee's" "eligible rollover distribution." The definition of "eligible retirement plan" shall also apply in the case of a distribution to a surviving Spouse, or to a Spouse or former Spouse who is an Alternate Payee. If any portion of an "eligible rollover distribution" is attributable to payments or distributions from a designated Roth account, an "eligible retirement plan" with respect to such portion shall include only another designated Roth account of the individual from whose account the payments or distributions were made, or a Roth IRA of such individual. In the case of a "distributee" who is a non-Spouse designated Beneficiary, (i) the "direct rollover" may be made only to a traditional or Roth individual retirement account or an annuity described in Code §408(b) ("IRA") that is established on behalf of the designated non-Spouse Beneficiary and that will be treated as an inherited IRA pursuant to the provisions of Code §402(c)(11), and (ii) the determination of any required minimum distribution required under Code §401(a)(9) that is ineligible for rollover shall be made in accordance with IRS Notice 2007-7, Q&A 17 and 18.

(3) **Distributee.** A "distributee" includes an Employee or Former Employee. In addition, the Employee's or Former Employee's surviving Spouse and the Employee's or Former Employee's Spouse or former Spouse who is the Alternate Payee, are "distributees" with regard to the interest of the Spouse or former Spouse.

(4) **Direct rollover.** A "direct rollover" is a payment by the Plan to the "eligible retirement plan" specified by the "distributee."

(c) **Participant notice.** A Participant entitled to an "eligible rollover distribution" must receive a written explanation of the 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 no less than thirty (30) days and no more than one-hundred eighty (180) days before the Annuity Starting Date. 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.

(d) **Non-Spouse Beneficiary rollover right.** A non-Spouse Beneficiary who is a "designated Beneficiary" under Code §401(a)(9)(E) and the Regulations thereunder, by a direct trustee-to-trustee transfer ("direct rollover"), may roll over all or any portion an "eligible rollover distribution" to an IRA the Beneficiary establishes for purposes of receiving the distribution.

If the Participant's named Beneficiary is a trust, the Plan may make a direct rollover to an IRA on behalf of the trust, provided the trust satisfies the requirements to be a "designated Beneficiary."

6.15 RESTRICTIONS ON DISTRIBUTION OF ASSETS TRANSFERRED FROM A MONEY PURCHASE PLAN

Notwithstanding any provision of this Plan to the contrary, to the extent that any optional form of benefit under this Plan permits a distribution prior to the Employee's retirement, death, Total and Permanent Disability, or severance from employment, and prior to Plan termination, the optional form of benefit is not available with respect to benefits attributable to assets (including the post-transfer earnings thereon) and liabilities that are transferred, within the meaning of Code §414(l), to this Plan from a money purchase pension plan qualified under Code §401(a) (other than any portion of those assets and liabilities attributable to after-tax voluntary Employee contributions or to a direct or indirect rollover contribution). A Participant may not obtain an in-service distribution with respect to such transferred amounts prior to the earlier of the Participant's Normal Retirement Age or attainment of age 62.

6.16 CORRECTIVE DISTRIBUTIONS

Nothing in this Article shall preclude the Administrator from making a distribution to a Participant, to the extent such distribution is made to correct a qualification defect in accordance with the corrective procedures under the IRS' Employee Plans Compliance Resolution System or any other voluntary compliance programs established by the IRS.

6.17 SERVICE CREDIT PURCHASES

The Administrator, upon Participant request, may direct the transfer of all or a portion of the Participant's Account to a governmental defined benefit plan (as defined in Code §414(d)) in which he or she participates for the purchase of permissive service credit (as defined in Code §415(n)(3)(A)).

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6.18 UNCASHED CHECKS

Subject to the provisions of Section 6.10, the Plan Administrator operationally may dispose of an uncashed distribution from the Plan to a lost Participant at the time and in the manner described in this Section). Prior to doing so, the Plan Administrator must make reasonable and diligent efforts to contact the lost Participant, including using such search methods the Plan Administrator determines are appropriate under the circumstances. At the discretion of the Administrator, Plan distributions that remain uncashed, and which the Administrator chooses not to reinvest in the Plan may be: (1) voluntarily remitted to a State unclaimed property department, but no sooner than the appropriate state dormancy period has expired; or (2) deposited for the benefit of the lost Participant either to a: (a) bank account, or (b) individual retirement account if the original distribution was an eligible rollover distribution.

For purposes of this Section 6.18, a distribution is “uncashed" if it remains uncashed by the "cash-by" date on the check or in an accompanying notice, e.g., a date prescribed by the bank or the Plan. This "cash-by" date must be at least forty-five (45) days after the check is issued. If there is no prescribed "cash-by” date, then the amount is considered uncashed if it is not cashed by the check’s stale date.

6.19 HEALTH INSURANCE PAYMENTS FOR PUBLIC SAFETY OFFICERS

An "eligible retired public safety "officer may elect annually for that taxable year to have the Plan deduct an amount from a distribution which the "eligible retired public safety officer" otherwise would receive and include in income. The Plan will pay such deducted amounts directly to pay "qualified health insurance premiums" ed in Code §402(l). Any election made under this Plan must conform to the requirements of Code §402(l). A "qualified retired public safety officer" is a public safety officer (as defined in §1204(9)(A) of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C 3796b(9)(A)) who, by reason of disability or attainment of Normal Retirement Age, is separated from service as a public safety officer with the Employer. "Qualified health insurance premiums" means the premiums for coverage for the "eligible retired public safety officer," his or her Spouse, and dependents (as defined in Code §152), by an accident or health plan or qualified long-term care insurance contract (as defined in Code §7702B(b)).

ARTICLE VII
TRUST, TRUSTEE AND CUSTODIAN

7.1 CONFLICT WITH PLAN

In the event of any conflicts between the provisions of this Plan and the Trust agreement, the provisions of this Plan control.

7.2 POWERS AND DUTIES OF CUSTODIAN

Subject to the terms of the Trust agreement, the Employer may appoint a Custodian of the Plan assets. The duties of the Custodian are those set forth in the agreement with the Custodian. Any reference in the Plan to a Trustee also is a reference to a Custodian unless the Employer has appointed a Custodian separate from the Trustee or the context of the Plan indicates otherwise.

7.3 LIFE INSURANCE

(a) **Permitted insurance.** To the extent not prohibited under the terms of the Trust agreement, the Trustee (or Insurer), in accordance with operational procedures of the Administrator, shall ratably apply for, own, and pay all premiums on Contracts on the lives of the Participants or, in the case of a 401(a) Plan, on the life of a member of the Participant's family or on the joint lives of a Participant and a member of the Participant's family. Furthermore, if a Contract is purchased on the joint lives of the Participant and another person and such other person predeceases the Participant, then the Contract may not be maintained under this Plan. Any initial or additional Contract purchased on behalf of a Participant shall have a face amount of not less than $1,000, an amount set forth in the Administrator's procedures, or the limitation of the Insurer, whichever is greater. If a life insurance Contract is to be purchased for a Participant, then the aggregate premium for ordinary life insurance for each Participant must be less than 50% of the aggregate contributions and Forfeitures allocated to the Participant's Combined Account. For purposes of this limitation, ordinary life insurance Contracts are Contracts with both non-decreasing death benefits and non-increasing premiums. If term insurance or universal life insurance is purchased, then the aggregate premium must be 25% or less of the aggregate contributions and Forfeitures allocated to the Participant's Combined Account. If both term insurance and ordinary life insurance are purchased, then the premium for term insurance plus one-half of the premium for ordinary life insurance may not in the aggregate exceed 25% of the aggregate Employer contributions and Forfeitures allocated to the Participant's Combined Account. Notwithstanding the preceding, the limitations imposed herein with respect to the purchase of life insurance shall not apply, in the case of a 401(a) Plan, to the portion of the Participant's Account that has accumulated for at least two (2) Plan Years or to the entire Participant's Account if the Participant has been a Participant in the Plan for at least five (5) years. In addition, amounts transferred to this Plan in accordance with Section 4.6(f)(1)(ii) or (iii) and a Participant's Voluntary Contribution Account may be used to purchase Contracts without limitation. Thus, amounts that are not subject to the limitations contained herein may be used to purchase life insurance on any person in whom a Participant has an insurable interest or on the joint lives of a Participant and any person in whom the Participant has an insurable interest, and without regard to the amount of premiums paid to purchase any life insurance hereunder.

(b) **Contract conversion at retirement.** The Administrator must direct the Trustee (or Insurer) to distribute any Contracts to the Participant or convert the entire value of the Contracts at or before retirement into cash or provide for a periodic income so that no portion of such value may be used to continue life insurance protection beyond the Participant's actual retirement date.

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(c) **Limitations on purchase.** No life insurance Contracts shall be required to be obtained on an individual's life if, for any reason (other than the nonpayment of premiums) the Insurer will not issue a Contract on such individual's life.

(d) **Proceeds payable to Plan.** The Trustee (or Insurer) must be the owner of any life insurance Contract purchased under the terms of this Plan. The Contract must provide that the proceeds will be payable to the Trustee (or Insurer); however, the Trustee (or Insurer) shall be required to pay over all proceeds of the Contract to the Participant's "designated Beneficiary" in accordance with the distribution provisions of Article VI as directed by the Administrator. A Participant's Spouse will be the "designated Beneficiary" pursuant to Section 6.2, unless a qualified election has been made in accordance with Sections 6.5 and 6.6 of the Plan, if applicable. Under no circumstances shall the Trust retain any part of the proceeds that are in excess of the cash surrender value immediately prior to death. However, the Trustee (or Insurer) shall not pay the proceeds in a method that would violate the requirements of the Retirement Equity Act of 1984, as stated in Article VI of the Plan, or Code §401(a)(9) and the Regulations thereunder. In the event of any conflict between the terms of this Plan and the terms of any insurance Contract purchased hereunder, the Plan provisions shall control.

(e) **No responsibility for act of Insurer.** The Employer, the Administrator and the Trustee shall not be responsible for the validity of the provisions under a Contract issued hereunder or for the failure or refusal by the Insurer to provide benefits under such Contract. The Employer, 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 Contract or which renders the Contract invalid or unenforceable in whole or in part.

7.4 LOANS TO PARTICIPANTS

(a) **Permitted Loans.** To the extent not prohibited under the terms of the Trust agreement, the Administrator, the Administrator may, in the Administrator's sole discretion, make loans to Participants. If loans are permitted, then the following shall apply: (1) loans shall be made available to all Participants on a reasonably equivalent basis; (2) loans shall bear a reasonable rate of interest; (3) loans shall be adequately secured; and (4) loans shall provide for periodic repayment over a reasonable period of time. Furthermore, no Participant loan shall exceed the Participant's Vested interest in the Plan. For purposes of this Section, the term Participant shall include any Eligible Employee who is not yet a Participant, if, pursuant to the Adoption Agreement, "rollovers" are permitted to be accepted from Eligible Employees.

(b) **Loan program.** The Administrator shall be authorized to establish a Participant loan program to provide for loans under the Plan. In order for the Administrator to implement such loan program, a separate written document forming a part of this Plan must be adopted, which document shall specifically include, but need not be limited to, the following:

(1) the identity of the person or positions authorized to administer the Participant loan program;

(2) a procedure for applying for loans;

(3) the basis on which loans will be approved or denied;

(4) limitations, if any, on the types and amounts of loans offered;

(5) the procedure under the program for determining a reasonable rate of interest;

(6) the types of collateral which may secure a Participant loan; and

(7) the events constituting default and the steps that will be taken to preserve Plan assets in the event such default.

(c) **Loan default.** Notwithstanding anything in this Plan to the contrary, if a Participant or Beneficiary defaults on a loan made pursuant to this Section that is secured by the Participant's interest in the Plan, then a Participant's interest may be offset by the amount subject to the security to the extent there is a distributable event permitted by the Code or Regulations. Notwithstanding anything in the Plan's loan policy to the contrary, if a loan is accelerated due to a Participant's termination of employment, then the Plan may direct that the loan note be transferred or directly rolled over to another plan that will accept the transfer or rollover of the note.

(d) **Loans subject to Plan terms.** Notwithstanding anything in this Section to the contrary, if this is an amendment and restatement of an existing Plan, any loans made prior to the date this amendment and restatement is adopted shall be subject to the terms of the Plan in effect at the time such loan was made.

7.5 PLAN-TO-PLAN TRANSFERS

Notwithstanding any other provision contained in this Plan and to the extent not prohibited under the terms of the Trust agreement, the Administrator may direct the Trustee to transfer the interest, if any, of a Participant to another trust forming part of a pension, profit sharing, or stock bonus plan that meets the requirements of Code §401(a), provided that the trust to which such transfers are made permits the transfer to be made and further provided that the terms of the transferee plan properly allocates the funds in each account to a transferee account that preserves all the required features and restrictions applicable to such account under this Plan. However, the transfer of amounts

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from this Plan to a nonqualified foreign trust is treated as a distribution and the transfer of assets and liabilities from this Plan to a plan that satisfies Section 1165 of the Puerto Rico Code is also treated as distribution from the transferor plan.

ARTICLE VIII
AMENDMENT, TERMINATION AND MERGERS

8.1 AMENDMENT

(a) **General rule on Employer amendment.** The Employer shall have the right at any time to amend this Plan subject to the limitations of this Section. However, any amendment that affects the rights, duties or responsibilities of the Trustee (or Insurer) or Administrator may only be made with the Trustee's (or Insurer's) or Administrator's written consent. Any such amendment shall become effective as provided therein upon its execution. The Trustee (or Insurer) shall not be required to execute any such amendment unless the amendment affects the duties of the Trustee (or Insurer) hereunder.

(b) **Permissible amendments.** The Employer may amend the Plan to accomplish any of the following items without affecting reliance on the opinion letter: (1) change the choice of options in the Adoption Agreement or Appendix A to the Adoption Agreement (Special Effective Dates and Other Permitted Elections), (2) add certain sample or model amendments published by the Internal Revenue Service or other required good-faith amendments where the IRS has provided that their adoption will not cause the Plan to be treated as an individually designed plan, (3) add a list of any protected benefits" which must be preserved, (4) adjust the limitations under Code §§415, 402(g), 401(a)(17) and 414(q)(1)(B) to reflect annual cost-of-living increases, and (5) change the pre-approved plan Provider's name. "Provider" pursuant to this Section 8 means the entity that contracts with the mass submitter to provide the Basic Plan Document and Adoption Agreement for use by the Employer or, in the alternative, the mass submitter that provides such documents directly to its clients. An Employer that amends the Plan for any other reason, including a waiver of the minimum funding requirement under Code §412(c), will no longer participate in this pre-approved plan and this Plan will be considered to be an individually designed plan for purposes of reliance. A Plan amendment does not include an amendment or substitution of the Trust.

(c) **Provider amendments.** The Employer (and every Participating Employer) expressly delegates authority to the Provider, the right to amend the Plan by submitting a copy of the amendment to each Employer (and Participating Employer) who has adopted this pre-approved plan, after first having received a ruling or favorable determination from the Internal Revenue Service that the pre-approved Plan as amended qualifies under Code §401(a) (unless a ruling or determination is not required by the IRS). The Provider will amend the Plan Documents from time to time in accordance with this Section 8.1(c). For purposes of this Section, the mass submitter shall be recognized as the agent of the Provider. If the Provider does not adopt any amendment made by the mass submitter, it will no longer be identical to, or a minor modifier of, the mass submitter plan.

(d) **Impermissible amendments.** No amendment to the Plan shall be effective if it authorizes or permits any part of the Trust Fund (other than such part as is required to pay taxes and administration expenses) to be used for or diverted to any purpose other than for the exclusive benefit of the Participants or their Beneficiaries or estates; or causes any reduction in the amount credited to the account of any Participant; or causes or permits any portion of the Trust Fund to revert to or become property of the Employer.

8.2 TERMINATION

(a) **Termination of Plan.** The Employer shall have the right at any time to terminate the Plan by delivering to the Trustee (or Insurer) and Administrator written notice of such termination. The Employer has no obligation or liability whatsoever to maintain the Plan for any specific length of time and may terminate the Plan or discontinue contributions under the Plan at any time without liability hereunder for any such discontinuance. Upon any full or partial termination or upon the complete discontinuance of the Employer's Contributions to the Plan (in the case of a Profit Sharing Plan), all amounts credited to the affected Participants' Combined Accounts shall become 100% Vested and shall not thereafter be subject to Forfeiture.

(b) **Distribution of assets.** Upon the full termination of the Plan, the Employer shall direct the distribution of the assets to Participants in a manner that is consistent with and satisfies the provisions of Section 6.5. Distributions to a Participant shall be made in cash (or in property if permitted in the Adoption Agreement) or through the purchase of irrevocable nontransferable deferred commitments from the Insurer.

8.3 MERGER, CONSOLIDATION OR TRANSFER OF ASSETS

This Plan may be merged or consolidated with, or its assets and/or liabilities may be transferred to, any other plan provided the benefits which would be received by a Participant of this Plan, in the event of a termination of the plan immediately after such transfer, merger or consolidation, are at least equal to the benefits the Participant would have received if the Plan had terminated immediately before the transfer, merger or consolidation.

ARTICLE IX
MISCELLANEOUS

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9.1 EMPLOYER ADOPTIONS

(a) **Method of adoption.** Any organization may become the Employer hereunder by executing the Adoption Agreement.

(b) **Separate affiliation.** Except as otherwise provided in this Plan, the affiliation of the Employer and the participation of its Participants shall be separate and apart from that of any other employer and its participants hereunder.

9.2 PARTICIPANT'S RIGHTS

This Plan shall not be deemed to constitute a contract between the Employer and any Participant or to be a consideration or an inducement for the employment of any Participant or Employee. Nothing contained in this Plan shall be deemed to give any Participant or Employee the right to be retained in the service of the Employer or to interfere with the right of the Employer to discharge any Participant or Employee at any time regardless of the effect which such discharge shall have upon the Employee as a Participant of this Plan.

9.3 ALIENATION

(a) **General rule.** Subject to the exceptions provided below and as otherwise permitted by the Code, no benefit which shall be payable to any person (including a Participant or the Participant's Beneficiary) shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge the same shall be void; and no such benefit shall in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements, or torts of any such person, nor shall it be subject to attachment or legal process for or against such person, and the same shall not be recognized except to such extent as may be required by law.

(b) **Exception for loans.** Subsection (a) shall not apply to the extent a Participant or Beneficiary is indebted to the Plan by reason of a loan made pursuant to Section 7.4. At the time a distribution is to be made to or for a Participant's or Beneficiary's benefit, such portion of the amount to be distributed as shall equal such indebtedness shall be paid to the Plan, to apply against or discharge such indebtedness. Prior to making a payment, however, the Participant or Beneficiary must be given notice by the Administrator that such indebtedness is to be so paid in whole or part from the Participant's interest in the Plan. If the Participant or Beneficiary does not agree that the indebtedness is a valid claim against the Participant's interest in the Plan, the Participant or Beneficiary shall be entitled to a review of the validity of the claim in accordance with procedures provided in Section 2.10.

(c) **Exception for QDRO.** Subsection (a) shall not apply to a "qualified domestic relations order" defined in Code §414(p), and those other domestic relations orders permitted to be so treated by the Administrator under the provisions of the Retirement Equity Act of 1984.

9.4 PLAN COMMUNICATIONS, INTERPRETATION AND CONSTRUCTION

(a) **Applicable law.** This Plan shall be construed and enforced according to the Code and the laws of the state or commonwealth in which the Employer's principal office is located (unless otherwise designated in Appendix A to the Adoption Agreement (Special Effective Dates and Other Permitted Elections)), other than its laws respecting choice of law, to the extent not pre-empted by federal law.

(b) **Administrator's discretion.** The Administrator has total and complete discretion to interpret and construe the Plan and to determine all questions arising in the administration, interpretation and application of the Plan. Any determination the Administrator makes under the Plan is final and binding upon any affected person. The Administrator must exercise all of its Plan powers and discretion, and perform all of its duties, in a uniform manner.

(c) **Communications.** All Participant or Beneficiary notices, designations, elections, consents or waivers must be made in a form the Administrator (or, as applicable, the Trustee or Insurer) specifies or otherwise approves. Any person entitled to notice under the Plan may waive the notice or shorten the notice period unless such actions are contrary to applicable law.

(d) **Evidence.** Anyone, including the Employer, required to give data, statements or other information relevant under the terms of the Plan ("evidence") may do so by certificate, affidavit, document or other form which the person to act in reliance may consider pertinent, reliable and genuine, and to have been signed, made or presented by the proper party or parties. The Administrator, Trustee and Insurer are protected fully in acting and relying upon any evidence described under the immediately preceding sentence.

(e) **Plan terms binding.** The Plan is binding upon all parties, including but not limited to, the Employer, Trustee, Insurer, Administrator, Participants and Beneficiaries.

(f) **Parties to litigation.** Except as otherwise provided by applicable law, a Participant or a Beneficiary is not a necessary party or required to receive notice of process in any court proceeding involving the Plan, the Trust or any fiduciary. Any final judgment (not subject to further appeal) entered in any such proceeding will be binding upon all parties, including the Employer, the Administrator, Trustee, Insurer, Participants and Beneficiaries.

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(g) **Fiduciaries not insurers.** The Trustee, Administrator and the Employer in no way guarantee the Plan assets from loss or depreciation. The Employer does not guarantee the payment of any money which may be or becomes due to any person from the Plan. The liability of the Employer, the Administrator and the Trustee to make any distribution from the Trust at any time and all times is limited to the then available assets of the Trust.

(h) **Construction/severability.** The Plan, the Adoption Agreement, the Trust and all other documents to which they refer, will be interpreted consistent with and to preserve tax qualification of the Plan under Code §401(a) and tax exemption of the Trust under Code §501(a) and also consistent with other applicable law. To the extent permissible under applicable law, any provision which a court (or other entity with binding authority to interpret the Plan) determines to be inconsistent with such construction and interpretation, is deemed severed and is of no force or effect, and the remaining Plan terms will remain in full force and effect.

(i) **Uniformity.** All provisions of this Plan shall be interpreted and applied in a uniform manner.

(j) **Headings.** The headings and subheadings of this Plan have been inserted for convenience of reference and are to be ignored in any construction of the provisions hereof.

9.5 GENDER, NUMBER AND TENSE

Wherever any words are used herein in the masculine, feminine or neuter gender, they shall be construed as though they were also used in another gender in all cases where they would so apply; whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply; and whenever any words are used herein in the past or present tense, they shall be construed as though they were also used in the other form in all cases where they would so apply.

9.6 LEGAL ACTION

In the event any claim, suit, or proceeding is brought regarding the Trust and/or Plan established hereunder to which the Trustee (or Insurer), the Employer or the Administrator may be a party, and such claim, suit, or proceeding is resolved in favor of the Trustee (or Insurer), the Employer or the Administrator, they shall be entitled to be reimbursed from the Trust Fund for any and all costs, attorney's fees, and other expenses pertaining thereto incurred by them for which they shall have become liable.

9.7 PROHIBITION AGAINST DIVERSION OF FUNDS

(a) **General rule.** Except as provided below and otherwise specifically permitted by law, it shall be impossible by operation of the Plan or of the Trust, by termination of either, by power of revocation or amendment, by the happening of any contingency, by collateral arrangement or by any other means, for any part of the corpus or income of any Trust Fund maintained pursuant to the Plan or any funds contributed thereto to be used for, or diverted to, purposes other than the exclusive benefit of Participants or their Beneficiaries.

(b) **Mistake of fact.** In the event the Employer shall make a contribution under a mistake of fact, the Employer may demand repayment of such contribution at any time within one (1) year following the time of payment and the Trustee (or Insurer) shall return such amount to the Employer within the one (1) year period. Earnings of the Plan attributable to the contributions may not be returned to the Employer but any losses attributable thereto must reduce the amount so returned.

9.8 EMPLOYER'S AND TRUSTEE'S PROTECTIVE CLAUSE

The Employer, Administrator and Trustee, and their successors, shall not be responsible for the validity of any Contract issued hereunder or for the failure on the part of the Insurer to make payments provided by any such Contract, or for the action of any person which may delay payment or render a Contract null and void or unenforceable in whole or in part.

9.9 INSURER'S PROTECTIVE CLAUSE

Except as otherwise agreed upon in writing between the Employer and the Insurer, an Insurer which issues any Contracts hereunder shall not have any responsibility for the validity of this Plan or for the tax or legal aspects of this Plan. The Insurer shall be protected and held harmless in acting in accordance with any written direction of the Administrator or Trustee and shall have no duty to see to the application of any funds paid to the Trustee, nor be required to question any actions directed by the Administrator or Trustee. Regardless of any provision of this Plan, the Insurer shall not be required to take or permit any action or allow any benefit or privilege contrary to the terms of any Contract which it issues hereunder, or the rules of the Insurer.

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9.10 RECEIPT AND RELEASE FOR PAYMENTS

Any payment to any Participant, the Participant's legal representative, Beneficiary, or to any guardian or committee appointed for such Participant or Beneficiary in accordance with the provisions of this Plan, including those referenced in Section 6.9, shall, to the extent thereof, be in full satisfaction of all claims hereunder against the Trustee (or Insurer) and the Employer.

9.11 ACTION BY THE EMPLOYER

Whenever the Employer under the terms of the Plan is permitted or required to do or perform any act or matter or thing, it shall be done and performed by a person duly authorized by its legally constituted authority.

9.12 APPROVAL BY INTERNAL REVENUE SERVICE

Notwithstanding anything herein to the contrary, if, pursuant to an application for qualification is made by the time prescribed by law or such later date as the Secretary of Treasury may prescribe, the Commissioner of the Internal Revenue Service or the Commissioner's delegate should determine that the Plan does not initially qualify as a tax-exempt plan under Code §§401 and 501, and such determination is not contested, or if contested, is finally upheld, then if the Plan is a new plan, it shall be void ab initio and all amounts contributed to the Plan, by the Employer, less expenses paid, shall be returned within one (1) year and the Plan shall terminate, and the Trustee (or Insurer) shall be discharged from all further obligations. If the disqualification relates to a Plan amendment, then the Plan shall operate as if it had not been amended. If the Employer's Plan fails to attain or retain qualification, such Plan will no longer participate in this pre-approved plan and will be considered an individually designed plan.

9.13 PAYMENT OF BENEFITS

Except as otherwise provided in the Plan, benefits under this Plan shall be paid, subject to Sections 6.11 and 6.12, only upon death, Total and Permanent Disability, normal or early retirement, severance of employment, or termination of the Plan.

9.14 ELECTRONIC MEDIA

The Administrator may use any electronic medium to give or receive any Plan notice, communicate any Plan policy, conduct any written Plan communication, satisfy any Plan filing or other compliance requirement and conduct any other Plan transaction to the extent permissible under applicable law. A Participant or a Participant's Spouse, to the extent authorized by the Administrator, may use any electronic medium to make or provide any Beneficiary designation, election, notice, consent or waiver under the Plan, to the extent permissible under applicable law. Any reference in this Plan to a "form," a "notice," an "election," a "consent," a "waiver," a "designation," a "policy" or to any other Plan-related communication includes an electronic version thereof as permitted under applicable law. Notwithstanding the foregoing, any Participant or Beneficiary notices and consent that are required pursuant to the Code must satisfy Regulation §1.401(a)-21.

9.15 PLAN CORRECTION

The Administrator in conjunction with the Employer may undertake such correction of Plan errors as the Administrator deems necessary, including correction to preserve tax qualification of the Plan under Code §401(a) or to correct a fiduciary breach under state or local law. Without limiting the Administrator's authority under the prior sentence, the Administrator, as it determines to be reasonable and appropriate, may undertake correction of Plan document, operational, demographic and Employer eligibility failures under a method described in the Plan or under the IRS Employee Plans Compliance Resolution System ("EPCRS") or any successor program to EPCRS. Furthermore, the Employer may make corrective contributions pursuant to this Section regardless of whether the Plan otherwise permits such contribution source. In addition, the Plan is authorized to recover benefits from Participants or Beneficiaries that have been improperly distributed.

9.16 NONTRUSTEED PLANS

If the Plan is funded solely with Contracts, then notwithstanding Sections 9.7 and 9.12, no Contract will be purchased under the Plan unless such Contract or a separate definite written agreement between the Employer and the Insurer provides that 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 Insurer must be allocated to Participants' Accounts under the Plan.

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ARTICLE X
PARTICIPATING EMPLOYERS

10.1 ELECTION TO BECOME A PARTICIPATING EMPLOYER

Notwithstanding anything herein to the contrary, with the consent of the Employer, any Employer may adopt the Employer's Plan and all of the provisions hereof, and participate herein and be known as a Participating Employer, by a properly executed document evidencing said intent and will of such Participating Employer (a participation agreement). In the event a Participating Employer is not an Affiliated Employer, then the provisions of Article XI shall apply rather than the provision of this Article XI.

10.2 REQUIREMENTS OF PARTICIPATING EMPLOYERS

(a) **Permissible variations of participation agreement.** The participation agreement must identify the Participating Employer and the covered Employees and provide for the Participating Employer's signature. In addition, in the participation agreement, the Employer shall specify which elections, if any, the Participating Employer can modify, and any restrictions on the modifications. Any such modification shall apply only to the Employees of that Participating Employer. The Participating Employer shall make any such modification by selecting the appropriate option on its participation agreement to the Employer's Adoption Agreement. To the extent that the participation agreement does not permit modification of an election, any attempt by a Participating Employer to modify the election shall have no effect on the Plan and the Participating Employer is bound by the Plan terms as selected by the Employer. If a Participating Employer does not make any permissible participation agreement election modifications, then with regard to any election, the Participating Employer is bound by the Adoption Agreement terms as completed by the "lead Employer."

(b) **Holding and investing assets.** The Trustee (or Insurer) may, but shall not be required to, commingle, hold and invest as one Trust Fund all contributions made by Participating Employers, as well as all increments thereof. However, the assets of the Plan shall, on an ongoing basis, be available to pay benefits to all Participants and Beneficiaries under the Plan without regard to the Employer or Participating Employer who contributed such assets.

(c) **Payment of expenses.** Unless the Employer otherwise directs, any expenses of the Plan which are to be paid by the Employer or borne by the Trust Fund shall be paid by each Participating Employer in the same proportion that the total amount standing to the credit of all Participants employed by such Employer bears to the total standing to the credit of all Participants.

10.3 DESIGNATION OF AGENT

Each Participating Employer shall be deemed to be a part of this Plan; provided, however, that with respect to all of its relations with the Trustee (or Insurer) and Administrator for purposes of this Plan, each Participating Employer shall be deemed to have designated irrevocably the Employer as its agent. Unless the context of the Plan clearly indicates otherwise, the word "Employer" shall be deemed to include each Participating Employer as related to its adoption of the Plan.

10.4 EMPLOYEE TRANSFERS

In the event an Employee is transferred between Participating Employers, accumulated service and eligibility shall be carried with the Employee involved. No such transfer shall effect a severance of employment hereunder, and the Participating Employer to which the Employee is transferred shall thereupon become obligated hereunder with respect to such Employee in the same manner as was the Participating Employer from whom the Employee was transferred.

10.5 PARTICIPATING EMPLOYER'S CONTRIBUTION AND FORFEITURES

Any contribution and/or Forfeiture subject to allocation during each Plan Year shall be determined and allocated separately by each Participating Employer and shall be allocated only among the Participants eligible to share in the contribution and Forfeiture allocation of the Employer or Participating Employer making the contribution or by which the forfeiting Participant was employed.

On the basis of the information furnished by the Administrator, the Trustee (or Insurer) shall keep separate books and records concerning the affairs of each Participating Employer hereunder and as to the accounts and credits of the Employees of each Participating Employer. The Trustee (or Insurer) may, but need not, register Contracts so as to evidence that a particular Participating Employer is the interested Employer hereunder, but in the event of an Employee transfer from one Participating Employer to another, the employing Employer shall immediately notify the Trustee (or Insurer) thereof.

10.6 AMENDMENT

Any Participating Employer hereby authorizes the Employer to make amendments on its behalf, unless otherwise agreed among all affected parties. Any such amendment is effective and binding upon existing Participating Employers.

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10.7 DISCONTINUANCE OF PARTICIPATION

Any Participating Employer that is an Affiliated Employer shall be permitted to discontinue or revoke its participation in the Plan at any time. At the time of any such discontinuance or revocation, satisfactory evidence thereof and of any applicable conditions imposed shall be delivered to the Trustee (or Insurer). The Trustee (or Insurer) shall thereafter transfer, deliver and assign Contracts and other Trust Fund assets allocable to the Participants of such Participating Employer to such new trustee (or insurer) or custodian as shall have been designated by such Participating Employer, in the event that it has established a separate qualified retirement plan for its employees. If no successor is designated, the Trustee (or Insurer) shall retain such assets for the Employees of said Participating Employer pursuant to the provisions of Article VII hereof. In no such event shall any part of the corpus or income of the Trust Fund as it relates to such Participating Employer be used for or diverted to purposes other than for the exclusive benefit of the Employees of such Participating Employer.

10.8 ADMINISTRATOR'S AUTHORITY

The Administrator shall have authority to make any and all necessary rules or regulations, binding upon all Participating Employers and all Participants, to effectuate the purpose of this Article.

ARTICLE XI
MULTIPLE EMPLOYER PROVISIONS

11.1 ELECTION AND OVERRIDING EFFECT

If a Participating Employer that is not an Affiliated Employer adopts this Plan, then the provisions of this Article XI shall apply to each Participating Employer as of the Effective Date specified in its participation agreement and supersede any contrary provisions in the basic Plan document or the Adoption Agreement. If this Article XI applies, then the Plan shall be a multiple employer plan as described in Code §413(c). In this case, the Employer and each Participating Employer acknowledge that the Plan is a multiple employer plan subject to the rules of Code §413(c) and the Regulations thereunder, and specific annual reporting requirements.

11.2 DEFINITIONS

The following definitions shall apply to this Article XI and shall supersede any conflicting definitions in the Plan:

(a) **Employee.** "Employee" means any common law employee, Leased Employee or other person the Code treats as an employee of a Participating Employer for purposes of the Participating Employer's qualified plan. Either the Adoption Agreement or a participation agreement to the Adoption Agreement may designate any Employee, or class of Employees, as not eligible to participate in the Plan.

(b) **Lead Employer.** "Lead Employer" means the signatory Employer to the Adoption Agreement execution page, and does not include any Affiliated Employer or Participating Employer. The "lead Employer" has the same meaning as the Employer for purposes of making Plan amendments and other purposes regardless of whether the "lead Employer" is also a Participating Employer under this Article XI. The “lead Employer” may execute a Participation Agreement setting forth elections which are specific to the “lead Employer”.

11.3 PARTICIPATING EMPLOYER ELECTIONS

The participation agreement must identify the Participating Employer and the covered Employees and provide for the Participating Employer's signature. In addition, in the participation agreement, the "lead Employer" shall specify which elections, if any, the Participating Employer can modify, and any restrictions on the modifications. Any such modification shall apply only to the employees of that Participating Employer. The Participating Employer shall make any such modification by selecting the appropriate option on its participation agreement to the "lead Employer's" Adoption Agreement. To the extent that the Adoption Agreement does not permit modification of an election, any attempt by a Participating Employer to modify the election shall have no effect on the Plan and the Participating Employer is bound by the Plan terms as selected by the "lead Employer." If a Participating Employer does not make any permissible participation agreement election modifications, then with regard to any election, the Participating Employer is bound by the Adoption Agreement terms as completed by the "lead Employer."

11.4 TESTING

The Administrator shall apply the Code §415 limitation in Section 4.4 for the Plan as a whole.

11.5 COMPENSATION

(a) **Separate determination.** A Participant's Compensation shall be determined separately for each Participating Employer for purposes of allocations under Article IV.

(b) **Joint status.** For all Plan purposes, including but not limited to determining the Code §415 limits in Section 4.4, Compensation includes all Compensation paid by or for any Participating Employer.

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11.6 SERVICE

An Employee's service includes all Hours of Service and Years of Service with any and all Participating Employers. An Employee who terminates employment with one Participating Employer and immediately commences employment with another Participating Employer has not separated from service or had a severance from employment.

11.7 COOPERATION AND INDEMNIFICATION

(a) **Cooperation.** Each Participating Employer agrees to timely provide all information the Administrator deems necessary to insure the Plan is operated in accordance with the requirements of the Code and will cooperate fully with the "lead Employer," the Plan, the Plan fiduciaries and other proper representatives in maintaining the qualified status of the Plan. Such cooperation will include payment of such amounts into the Plan, to be allocated to employees of the Participating Employer, which are reasonably required to maintain the tax-qualified status of the Plan.

(b) **Indemnity.** Each Participating Employer will indemnify and hold harmless the Administrator, the "lead Employer" and its subsidiaries; officers, directors, shareholders, employees, and agents of the "lead Employer"; the Plan; the Trustees, Participants and Beneficiaries of the Plan, as well as their respective successors and assigns, against any cause of action, loss, liability, damage, cost, or expense of any nature whatsoever (including, but not limited to, attorney's fees and costs, whether or not suit is brought, as well as IRS plan disqualifications, other sanctions or compliance fees and penalties) arising out of or relating to the Participating Employer's noncompliance with any of the Plan's terms or requirements; any intentional or negligent act or omission the Participating Employer commits with regard to the Plan; and any omission or provision of incorrect information with regard to the Plan which causes the Plan to fail to satisfy the requirements of a tax-qualified plan. This indemnity provision shall continue to apply to a Participating Employer with respect to the period such entity was a Participating Employer, even if the Participating Employer withdraws or is removed pursuant to Sections 11.8 or 11.9.

11.8 INVOLUNTARY TERMINATION

Unless the "lead Employer" provides otherwise in an addendum hereto, the "lead Employer" shall have the power to terminate the participation of any Participating Employer (hereafter "Terminated Employer") in this Plan. If and when the "lead Employer" wishes to exercise this power, the following shall occur:

(a) **Notice.** The "lead Employer" shall give the "Terminated Employer" a notice of the "lead Employer's" intent to terminate the "Terminated Employer's" status as a Participating Employer of the Plan. The "lead Employer" will provide such notice not less than thirty (30) days prior to the date of termination unless the "lead Employer" determines that the interest of Plan Participants requires earlier termination.

(b) **Spin-off.** The "lead Employer" shall establish a new defined contribution plan, using the provisions of this Plan with any modifications contained in the "Terminated Employer's" participation agreement, as a guide to establish a new defined contribution plan (the "spin-off plan"). The "lead Employer" will direct the Trustee to transfer (in accordance with the rules of Code §414(l) and the provisions of Section 8.3) the Accounts of the Employees of the "Terminated Employer" to the "spin-off plan." The "Terminated Employer" shall be the Employer, Administrator, and sponsor of the "spin-off plan." The Trustee of the "spin-off plan" shall be the person or entity designated by the "Terminated Employer." However, the "lead Employer" shall have the option to designate an appropriate financial institution as Trustee instead if necessary to protect the interest of the Participants. The "lead Employer" shall have the authority to charge the "Terminated Employer" or the Accounts of the Employees of the "Terminated Employer" a reasonable fee to pay the expenses of establishing the "spin-off plan."

(c) **Alternatives.** The "Terminated Employer," in lieu of creation of the "spin-off plan" under (b) above, has the option to elect a transfer alternative in accordance with this Subsection (c).

(1) **Election.** To exercise the option described in this Subsection, the "Terminated Employer" must inform the "lead Employer" of its choice and must supply any reasonably required documentation as soon as practical. If the "lead Employer" has not received notice of a "Terminated Employer's" exercise of this option within ten (10) days prior to the stated date of termination, the "lead Employer" can choose to disregard the exercise and proceed with the Spin-off.

(2) **Transfer.** If the "Terminated Employer" selects this option, the Administrator shall transfer (in accordance with the rules of Code §414(l) and the provisions of Section 8.3) the Accounts of the Employees of the "Terminated Employer" to a qualified plan the "Terminated Employer" maintains. To exercise this option, the "Terminated Employer" must deliver to the "lead Employer" or Administrator in writing the name and other relevant information of the transferee plan and must provide such assurances that the Administrator shall reasonably require to demonstrate that the transferee plan is a qualified plan.

(d) **Participants.** The Employees of the "Terminated Employer" shall cease to be eligible to accrue additional benefits under the Plan with respect to Compensation paid by the "Terminated Employer," effective as of the date of termination. To the extent that these Employees have accrued but unpaid contributions as of the date of termination, the "Terminated Employer" shall pay such amounts to

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the Plan or the "spin-off plan" no later than thirty (30) days after the date of termination, unless the "Terminated Employer" effectively selects the Transfer option under Subsection (c)(2) above.

(e) **Consent.** By its signature on the participation agreement, the "Terminated Employer" specifically consents to the provisions of this Article and agrees to perform its responsibilities with regard to the "spin-off plan," if necessary.

11.9 VOLUNTARY TERMINATION

A Participating Employer (hereafter "withdrawing employer") may voluntarily withdraw from participation in this Plan at any time. If and when a "withdrawing employer" wishes to withdraw, the following shall occur:

(a) **Notice.** The "withdrawing employer" shall inform the "lead Employer" and the Administrator of its intention to withdraw from the Plan. The "withdrawing employer" must give the notice not less than thirty (30) days prior to the effective date of its withdrawal.

(b) **Procedure.** The "withdrawing employer" and the "lead Employer" shall agree upon procedures for the orderly withdrawal of the "withdrawing employer" from the plan. Such procedures may include any of the optional spin-off or transfer options described in Section 11.8.

(c) **Costs.** The "withdrawing employer" shall bear all reasonable costs associated with withdrawal and transfer under this Section.

(d) **Participants.** The Employees of the "withdrawing employer" shall cease to be eligible to accrue additional benefits under the Plan as to Compensation paid by the "withdrawing employer," effective as of the effective date of withdrawal. To the extent that such Employees have accrued but unpaid contributions as of the effective date of withdrawal, the "withdrawing employer" shall contribute such amounts to the Plan or the "spin-off plan" promptly after the effective date of withdrawal, unless the accounts are transferred to a qualified plan the "withdrawing employer" maintains.

11.10 DESIGNATION OF AGENT

Each Participating Employer shall be deemed to be a part of this Plan; provided, however, that with respect to all its relations with the Trustee (or Insurer) and Administrator for purposes of this Plan, each Participating Employer shall be deemed to have designated irrevocably the Employer as its agent. Unless the context of the Plan clearly indicates otherwise, the word "Employer" shall be deemed to include each Participating Employer as related to its adoption of the Plan.

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Administration, Board Support & Human Resources Activities

February 4, 2026 to March 4, 2026

Activity	Summary
Board Support	• Attended all Board of Directors (Board) and Committee Meetings, as well as preparation for these meetings, including packet preparation, coordinating speakers, Zoom coordination, etc. • Transitioned to a shared Board Support calendar to ensure consistent coverage for Board-related activities. • Distributed required notifications to Member Agencies regarding the Urban Water Management Plan (UWMP) update and public hearing. • Provided support for annual Form 700 filing requirements as we approach the April 1 deadline. • Registered staff and directors for various conferences and training, made travel accommodations, and processed business expenses. • Reviewed (Request for Proposals (RFPs), contracts, and agreements for content and consistency with the Administrative Code. • Reviewed, coordinated, and responded to 3 Public Records requests. • District Secretary attended Supervisor Academy Day 3 training and 2026 Ethics Assembly Bill (AB) 1234 Compliance Training.
Administrative and Human Resources Projects and Activities	• Assisted the Finance Department with filing, processing invoices, purchase requisitions, business expense reports, and credit card reconciliations. • Updated and paid membership accounts, as needed. • Hosted the Independent Special Districts of Orange County Executive Meeting on March 3. • Ordered lunches for department meetings. • Registered for and made hotel accommodations and flights for directors and staff. • Created PowerPoint for March 6 Water Advisory Committee of Orange County (WACO) Meeting. • Human Resources (HR) continues to work with the District's Financial Investment Advisor, Morgan Stanley Institutional Investment Advisors LLC, on the District's Retirement Plans: o Continue to participate in weekly Zoom meetings throughout the month of February with EMPOWER representatives regarding the transition of the current Voya 401(a) Money Purchase Pension Plan to EMPOWER, timelines, and Plan Service Agreement. o Continue coordination with Legal Counsel on review of the 401 Plan Service Agreement in preparation for Plan documents. o Plan documents will be reviewed by staff, District Counsel, and Investment Advisor. It is anticipated that the 401(a) Plan documents will be presented to the Board for approval in March, with the plan transition scheduled for late March/early April.

Administrative and Human Resources Projects and Activities (continued)	○ Notices were sent to 401(a) Money Purchase Pension Plan Participants regarding a change in recordkeeper from VOYA to Empower. ○ EMPOWER updated the 457 Investment Fund Menu, which is in effect as of March 1. • HR staff is continuing to work together with finance on the implementation of the new Human Resource Information System (HRIS) and updating all data to be transferred to the new system. The implementation is expected to launch in June. • Supervisor Training is currently underway with two sessions remaining. A graduation ceremony is planned for April 6. HR staff is also reviewing additional training opportunities for supervisors or managers. • HR is working with management in reviewing the annual performance evaluation forms to continue to improve processes and efficiencies. • HR participated in final interviews for the Accountant position. • HR participated in Leibert, Cassidy & Whitmore Legal Update and California Special Districts Association (CSDA) Essential Leadership Skills Training webinar. • Coordinated and set up meetings, including scheduling and working with all departments to support their meeting needs. • Collaborated with Information Technology to configure the various layout options for Conference Room 101. • Updated the Front Desk procedures manual. • Updated contacts for Engineering. • HR and Board Support Services met to discuss coordination efforts, mandated trainings, and tracking of Board and staff. • Mandatory training for (Senate Bill) SB 827 and AB 1234 is being scheduled for all pertinent members of staff and the Board.
Recruitments/ Departures	• A candidate for the full-time Accountant position has been selected, and the pre-employment screening process is underway. We anticipate the individual will start in mid-March.
Health and Welfare Benefits	Claims for the 2025 Flexible Spending Plan year 2025 must be submitted no later than March 31, 2026. All participants have been notified. A wellness incentive was presented to all staff as part of (Joint Powers Insurance Authority's (JPIA) Wellness Program. Staff are tracking steps walked collectively on a weekly basis. Drawings will be held through May, with winners receiving a healthy fruit and vegetable box from a local farm. So far, over 1,500 miles have been logged.
Records Management	• Continued to review incoming mail and log necessary documents into the Laserfiche system. • Staff continues to review documents and update information in Laserfiche. • Staff is in the process of updating the Records Retention Schedule to reflect new 2026 regulations before Board review and approval. • Destruction orders for 2025 are in process.

Item No. 6b

INFORMATION ITEM
March 11, 2026

TO: **Administration & Finance Committee**

FROM: **Harvey De La Torre, General Manager**

Staff Contact: Dave Andereson, System Administrator
Steven Hung, Sr. Financial Analyst/Database Analyst

SUBJECT: **FINANCE AND INFORMATION TECHNOLOGY**

STAFF RECOMMENDATION

Staff recommends the Administration & Finance Committee receive and file the information.

REPORT

The following list details the status of special projects in progress or to be completed during this Fiscal Year:

Finance

Accounting	Single Audit	The Single Audit for a Federal Grant was completed.
Accounting	Request for Proposals	Possible new custodian for long-term investments (if fees increase).
Finance	Enterprise Resource Planning (ERP) Implementation Project	Started developing a comprehensive migration strategy in collaboration with our partners.
Finance	Budget	Completed the 2nd draft of the MWDOC's Biennial budget.

Budgeted: ☐ Yes ☐ No ☒ N/A		Budgeted amount:
Core: ☐	Choice: ☐	Movement between funds: ☐ Yes ☐ No
Action item amount:		

Information Technology (IT)

Resilience	Backups	An assessment of backup reports indicates that systems are consistently and securely backed up according to schedule and stored in two or more backup locations using immutable storage.
	Email	The District's email defense system protects against malware, impersonation, and fraud. Of the 66,000 inbound emails, 49% were blocked or quarantined due to unsafe content or attachments. District staff sent over 15,000 emails in the month, and ten email incidents required Information Technology assessment and/or mitigation.
	Redundant Internet	A second, redundant internet connection was added to ensure continued operation during outages, cyber-related disruptions, or physical infrastructure failures.
Services	Boardroom Audio Visual Project	The Audio-Visual vendor made configuration changes to the boardroom's large display to improve audio and video signal synchronization. We continue to assess and test the system configuration under real-life use.
	eWaste	Recycled District-owned equipment that had reached the end of its useful life.
	File Storage	The device used to store files and backups was upgraded and expanded.
	Projects	Information Technology supported two major initiatives (ERP and Water Use Efficiency database replacement) that required technical planning, configuration, and security.
	Support Tickets	79 tickets opened; 62 closed/resolved.
	Website	Completed the migration of the District's website to a new web host, delivering greater speed, improved resilience, and an enhanced platform.
	Vulnerability Scanning	Weekly external vulnerability scans conducted by Cybersecurity and Infrastructure Security Agency (CISA) have identified no exposures or weaknesses.

Item No. 7

INFORMATION ITEM
March 11, 2026

TO: **Administration & Finance Committee**

FROM: **Harvey De La Torre, General Manager**

Staff Contact: Kevin Hostert, Senior Water Resources Analyst

SUBJECT: **MONTHLY WATER USAGE DATA AND WATER SUPPLY INFORMATION**

STAFF RECOMMENDATION

Staff recommends the Administration & Finance Committee receive and file the information.

REPORT

The attached figures show the recent trend of water consumption in Orange County (OC), an estimate of Imported Water Sales for the Municipal Water District of Orange County (MWDOC), and selected water supply information. This information is also presented utilizing the following link: MWDOC Monthly Water Usage Data and Water Supply Information.

- OC Water Usage, Monthly by Supply – Orange County Water District (OCWD) Groundwater was the main supply in January.

- Estimated OC Water Usage, Monthly, Comparison to Previous Years - Water usage in January 2026 was above average compared to the last 5 years. Water usage for Fiscal Year (FY) 2025-26 is projected to be lower compared to FY 2024-25.

- Historical OC Water Consumption - Orange County Municipal and Industrial (M&I) water consumption is projected to be 503,000 acre-feet (AF) for FY 2025-26 (this includes ~9 thousand acre-feet (TAF) of agricultural usage and non-retail water

Budgeted: ☐ Yes ☐ No ☒ N/A		Budgeted amount:
Core: ☐	Choice: ☐	Movement between funds: ☐ Yes ☐ No
Action item amount:		

agency usage). This is about 21,000 AF less than FY 2024-25 and is about 30,000 AF more than FY 2023-24. Water usage per person is projected to be 141 gallons per day in FY 2025-26 for Orange County (including recycled water). Although the OC population has increased 20% over the past two decades, water usage has not increased, on average. A long-term decrease in per-capita water usage is mainly attributed to Water Use Efficiency (water conservation) efforts. OC Water Usage has declined significantly since the end of FY 2013-14. Since the start of FY 2014-15, the average OC Annual Water usage is 522,500 AF, a decline of 99,000 AF since FY 2013-14. FY 2023-24 Orange County M&I water consumption was the lowest since FY 1978-79 (45 Years).

- Water Supply Information includes data on rainfall in OC; the OCWD Basin overdraft; Northern California and Colorado River Basin hydrologic data; the State Water Project (SWP) Allocation, and regional storage volumes. The data have implications for the magnitude of water supply from the three watersheds, which are the principal sources of water for OC. Note that a hydrologic year runs from October 1 to September 30.

- Orange County's accumulated precipitation through *early March was well above average* for this period. Water Year (WY) year-to-date rainfall in Orange County is 13.1 inches, which is 143% of normal.

- Northern California accumulated precipitation through early March *was 117% of normal for this period*. WY 2025 was 113% of normal, while WY 2024 was 96% of normal. As of February 6, 2026, the Northern California snowpack was 43% of normal*. As of late February, 0.0%* of California is experiencing *moderate drought conditions*. *0.0%* of California is experiencing *severe to exceptional drought conditions.* The State Water Project Contractors Table A Allocation was increased to 30% in January 2026 for WY 2026.

- Colorado River Basin accumulated precipitation through *early March was 110% of normal* for this period. The *Upper Colorado Basin snowpack data was 69% of normal as of March 2, 2026. Lake Mead and Lake Powell* combined have approximately *47% of their average storage volume* for this time of year, and are at 29*.8% of their total capacity*. Lake Mead's *levels have been below the "trigger" limit of 1,075 ft. since the start of CY 2022*. The U.S. Bureau of Reclamation (USBR) has declared a shortage at Lake Mead, impacting Colorado River water deliveries to the Lower Basin states. Lake Mead, as of early February, *was* 9*.45' BELOW the "trigger" limit*. The USBR has declared a *shortage on the Colorado River, which began on January 1, 2022*. *There is a 100% chance of shortage continuing in 2026, 93% in 2027, and 97% in 2028.* Lake Mead, as of early February, *was* 20*.55' ABOVE the State of California "trigger" limit*. *There is a 0% chance of mandatory cutbacks for California in 2026, 0% in 2027, and 13% in 2028.*

- Lake Powell's current water levels as of March 1, 2026, stood at approximately 3,530.9 feet above sea level, which is about 169.1 ft below full pool (3,700 ft). Water storage remains critically low, at around 24.0% of full capacity. Projected WY 2026 inflows are projected to be 60% of the average. The USBR projects that Lake Powell may dip to near dead pool levels (below ~3,500 ft), putting hydropower generation at risk by March 2027. However, although the lake is hovering around 25% capacity, past lows (especially in 2021) did not quite reach dead pool levels, suggesting it may still be avoidable with management efforts.

ALIGNMENT WITH BOARD STRATEGIC PRIORITIES

☒ *Clarifying MWDOC's mission and role; defining functions and actions.*
☐ *Balance support for Metropolitan's regional mission and OC values and interests.*
☐ *Strengthen communication and coordination of messaging.*
☐ *Work with member agencies to develop water supply and demand objectives.*
☐ *Solicit input and feedback from member agencies.*
☐ *Invest in workforce development and succession planning.*

Attachments/Links:
Attachment 1: Monthly Water Usage Data and Water Supply Figures Link 1: https://go.mwdoc.com/uxm3CW

Fig. 1 OC Water Usage, Monthly by Supply with Projection to End of Fiscal Year

Chart Info.

FY 2025-26

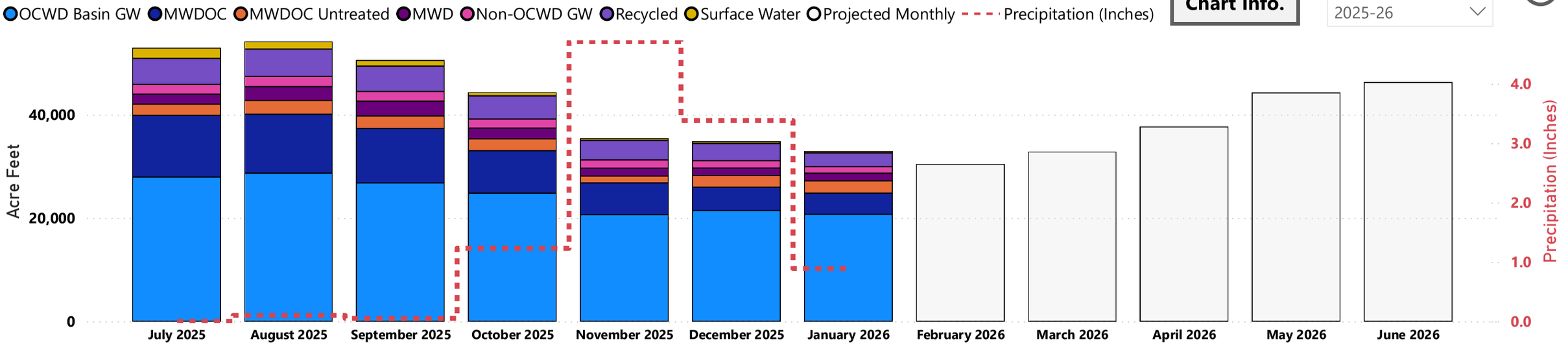


Fig. 2 OC Monthly Water Usage: Compared to Last 4 Fiscal Years

FY: Multiple selecti...

Month: January

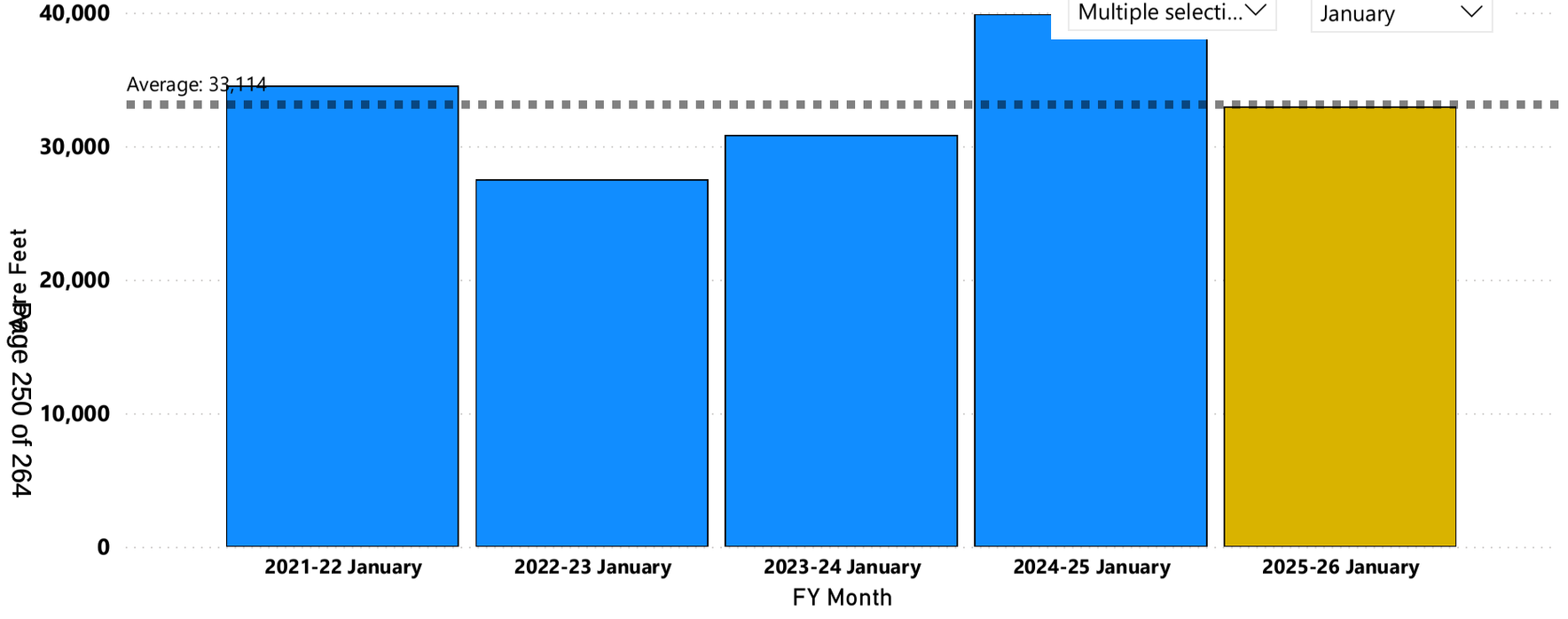


Fig. 2A Partial Year Subtotals

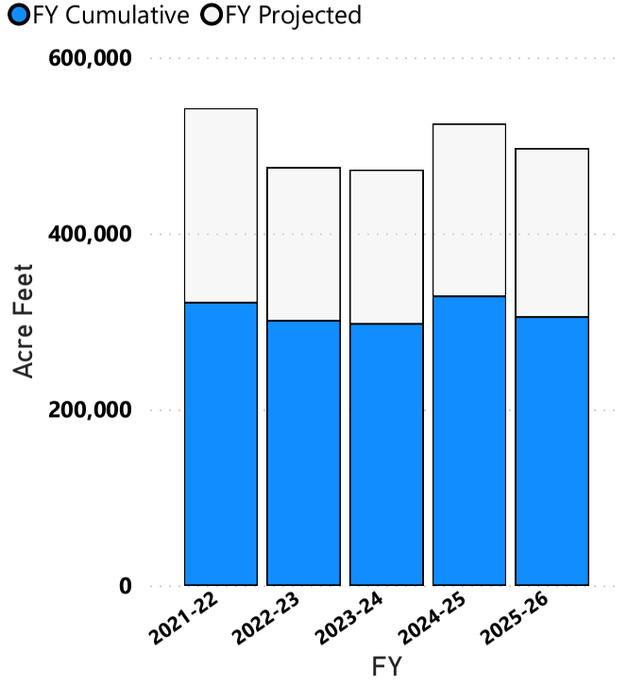


Fig. 3 OC Water Usage Last 3 Years

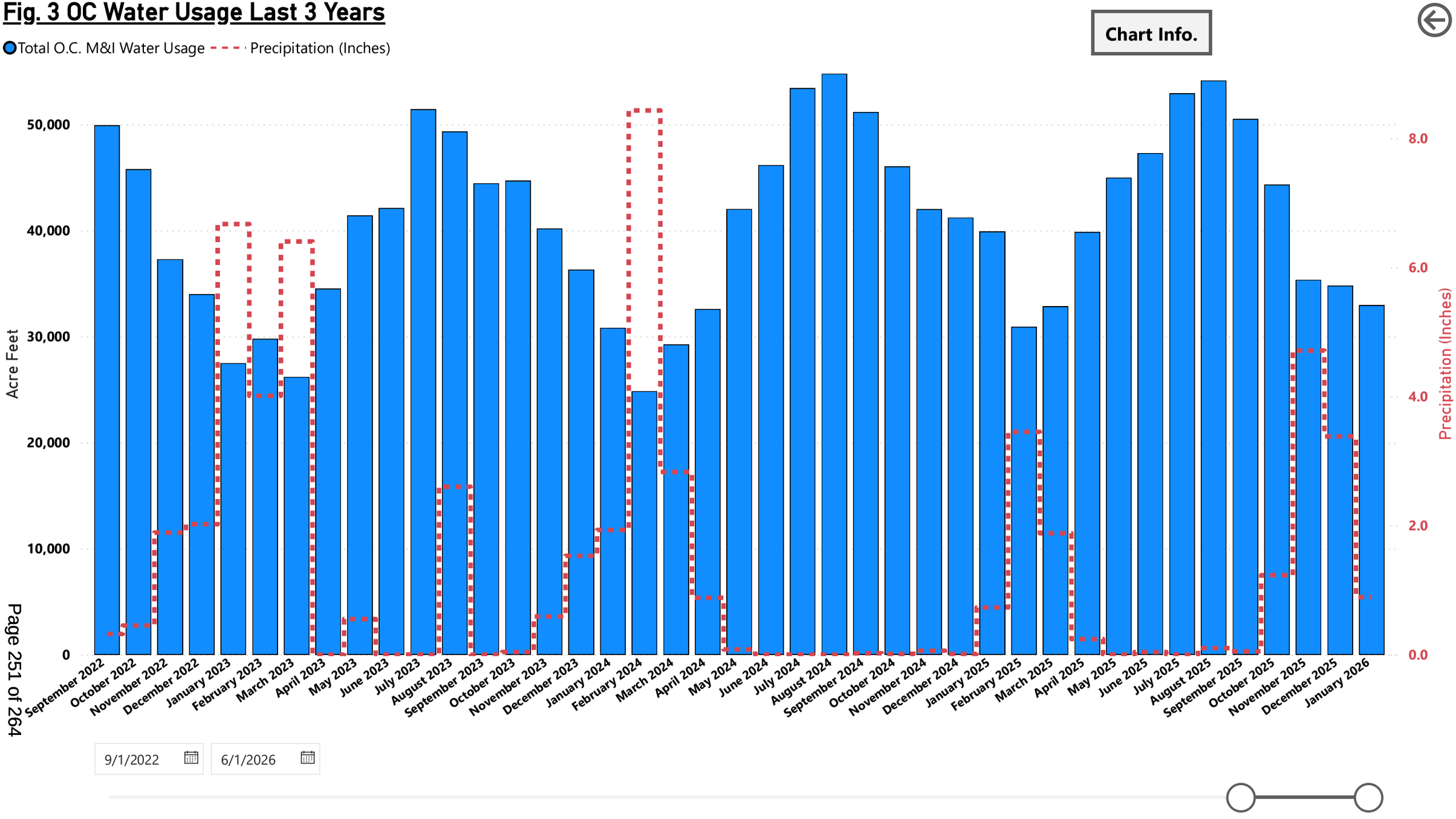


Fig. 4 Orange County Cumulative Rainfall vs. Average

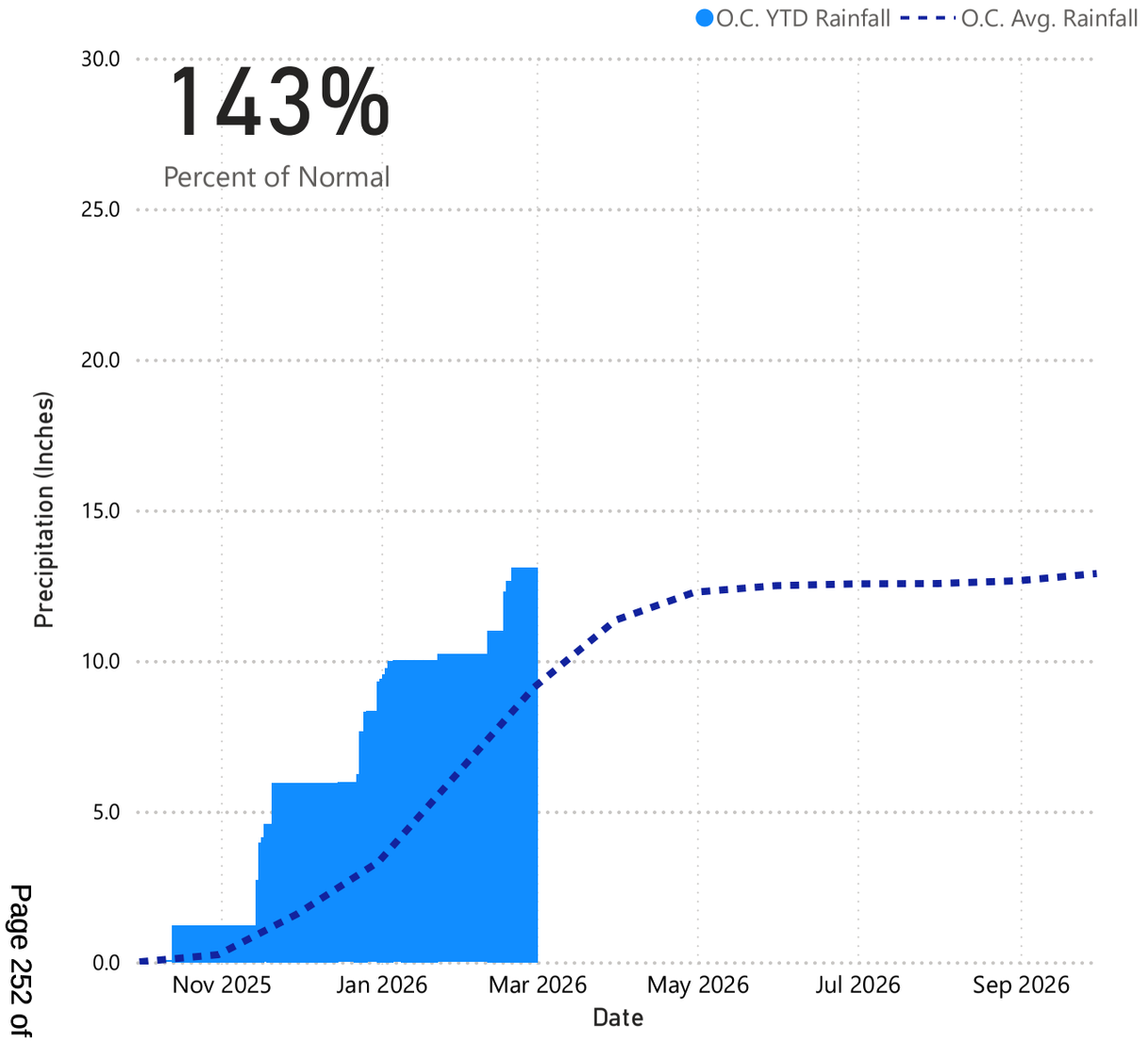
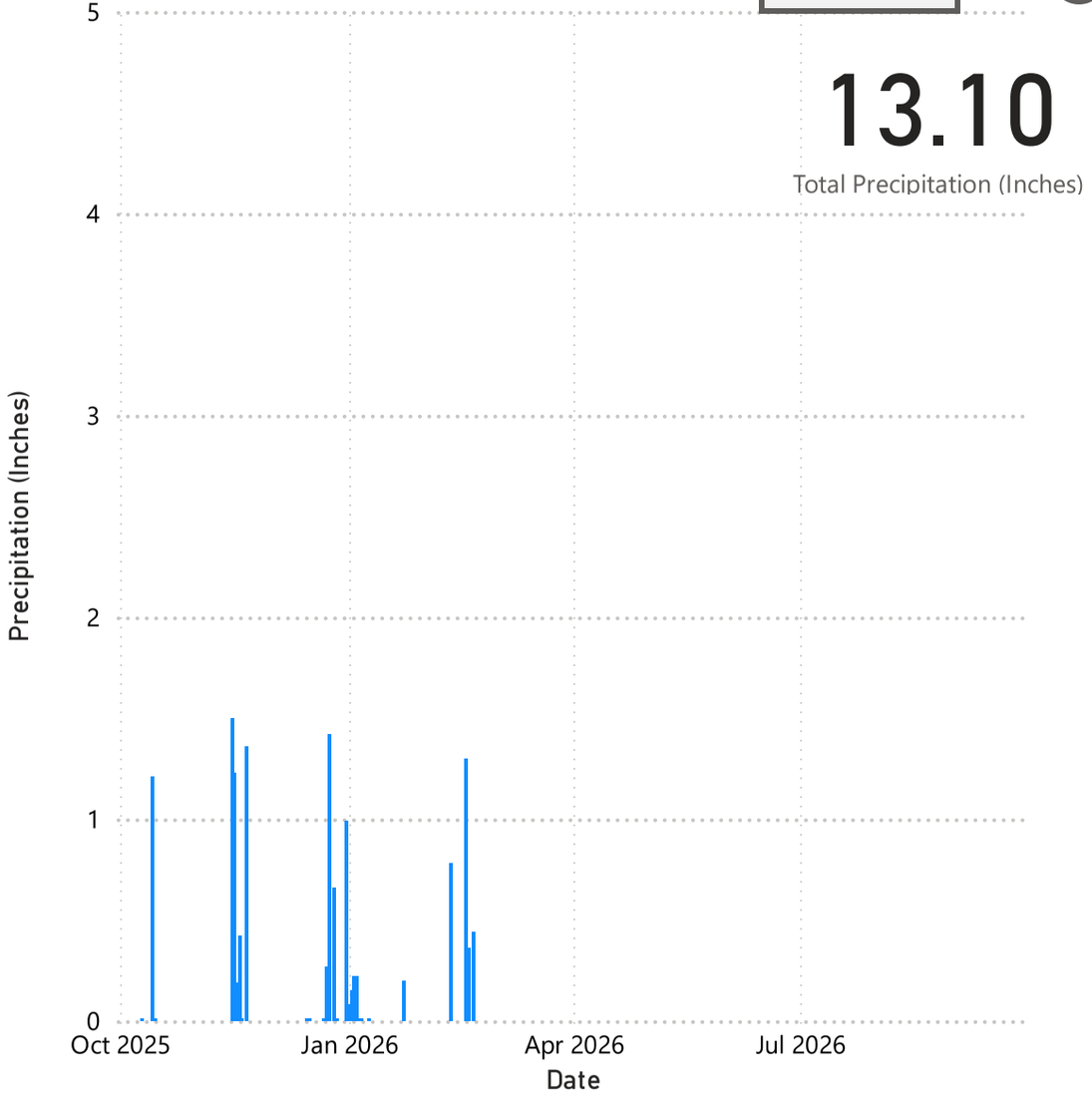


Fig. 4A Orange County Daily Rainfall

Chart Info.



Water Year

2025-26 | 2024-25 | 2023-24 | 2022-23 | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11

Fig. 5 The 8 Station Index Cumulative Rainfall vs. Average

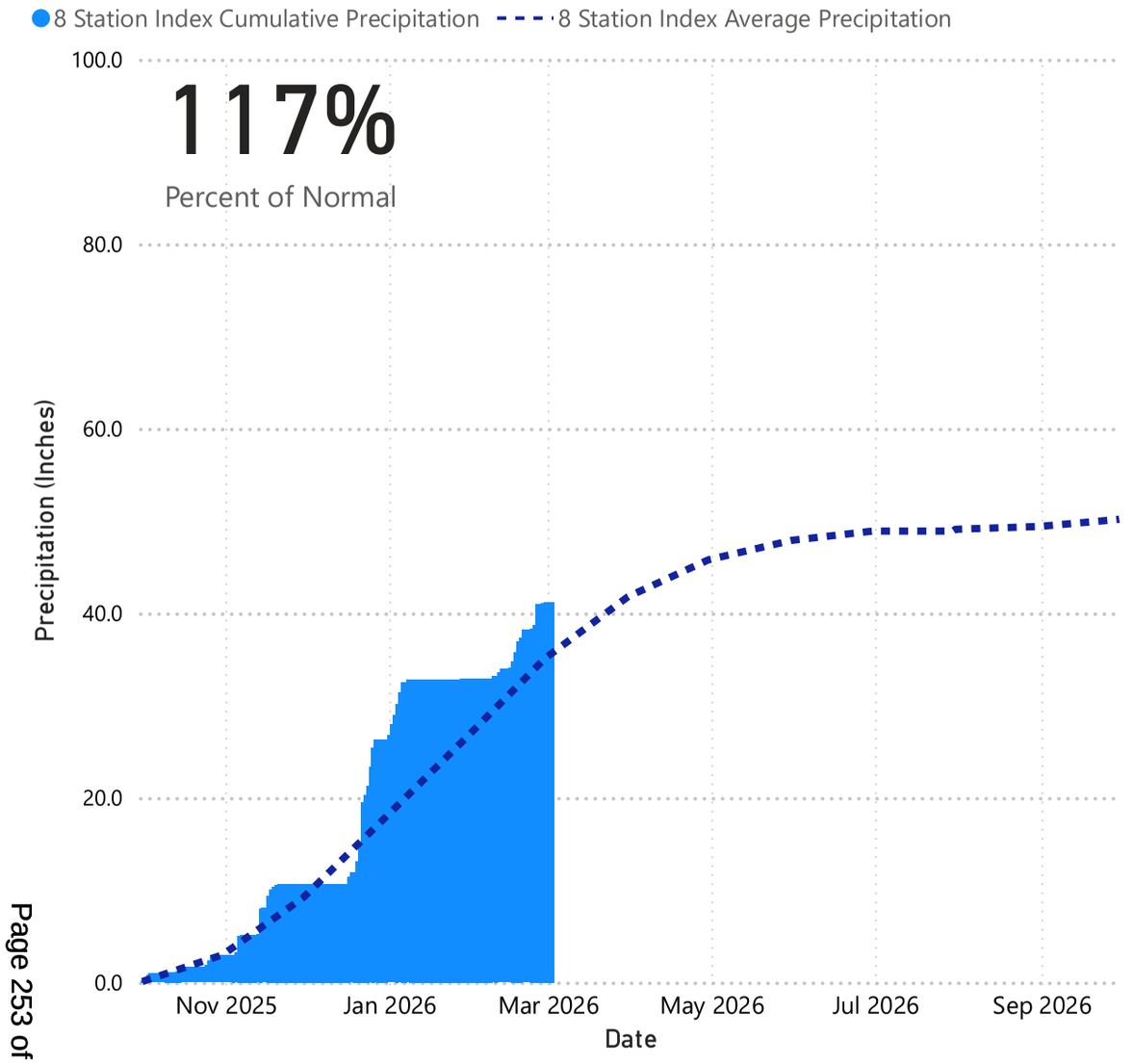
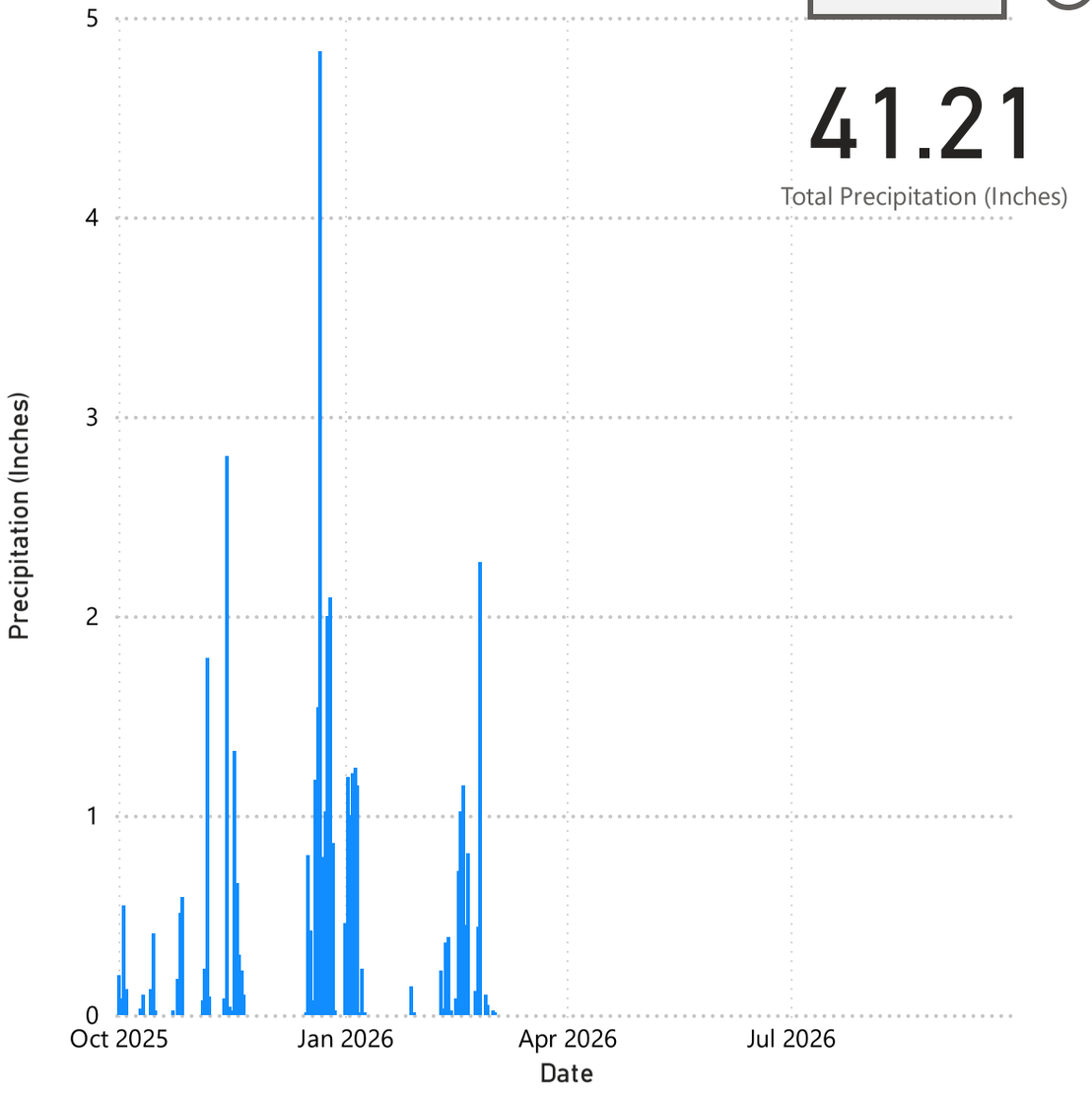


Fig. 5A The 8 Station Index Daily Rainfall

Chart Info.



Water Year

2025-26	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11

Fig. 6 Upper Colorado River Basin Cumulative Rainfall vs. Average

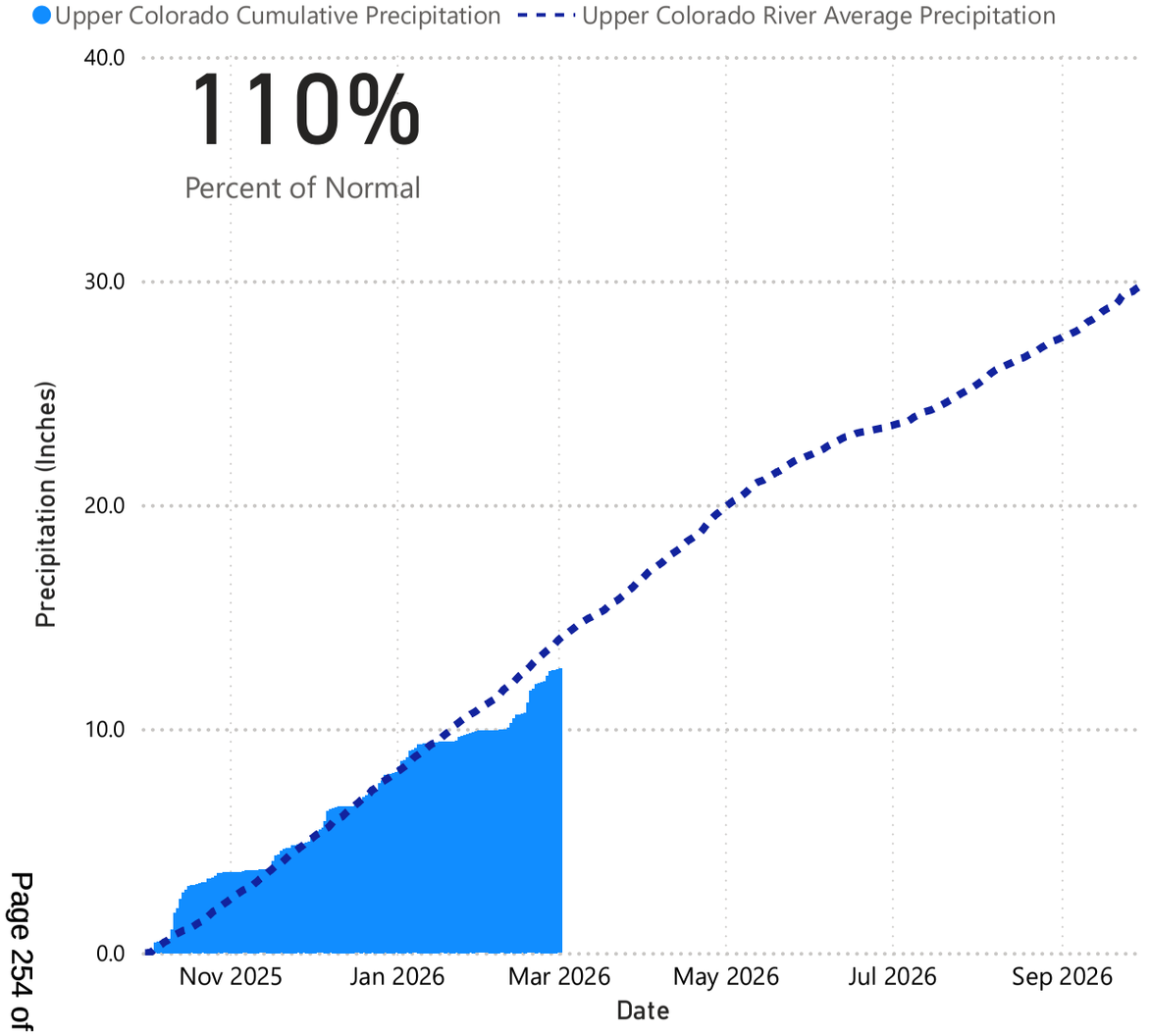


Fig. 6A Upper Colorado River Basin Daily Rainfall

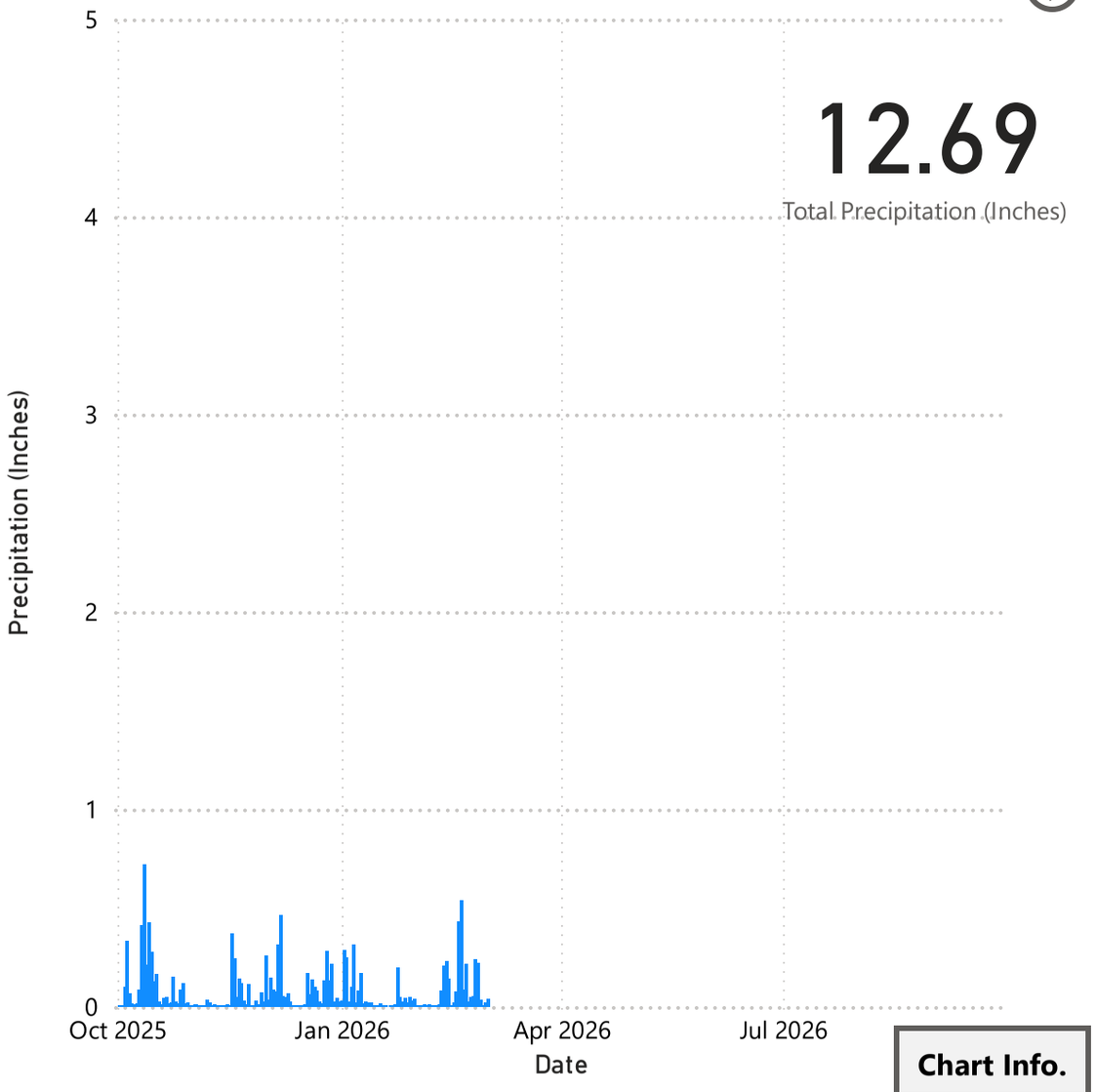


Chart Info.

Water Year

2025-26 | 2024-25 | 2023-24 | 2022-23 | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11

Fig. 7 Lake Mathews Storage

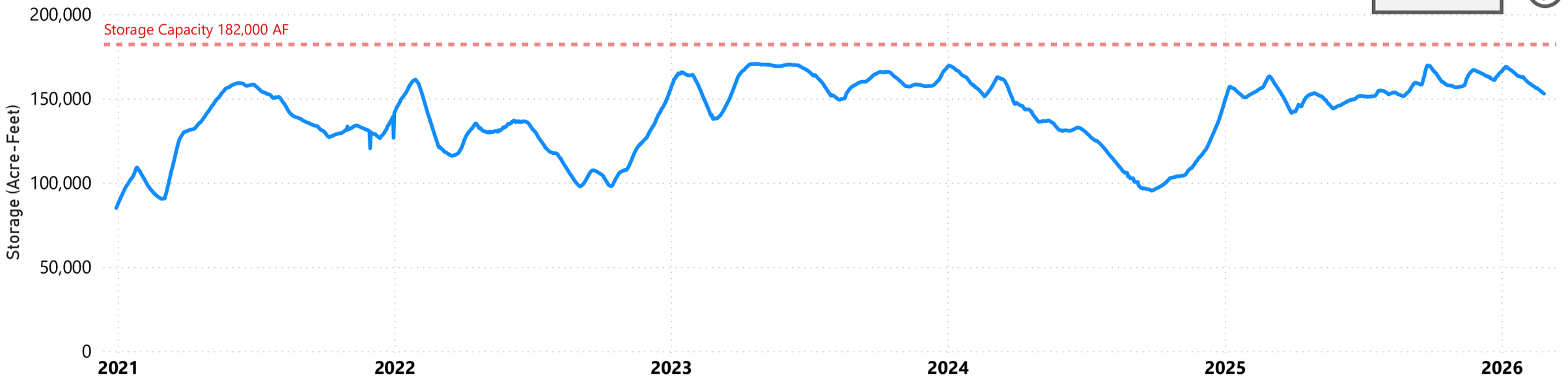


Fig. 8 Diamond Valley Lake Storage

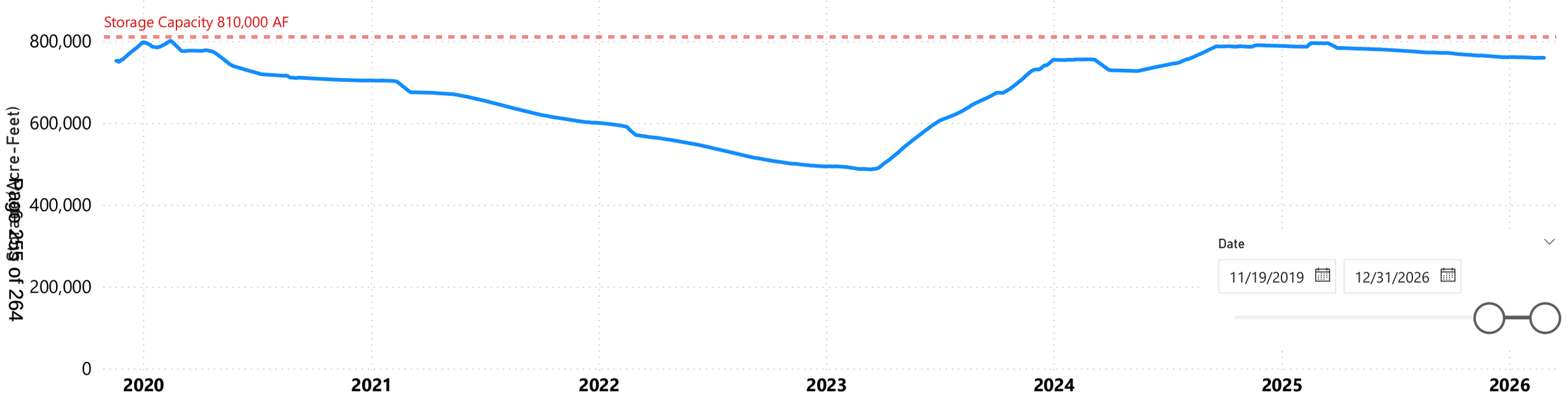


Fig. 9 Lake Oroville Storage vs. Historical Average

Chart Info.

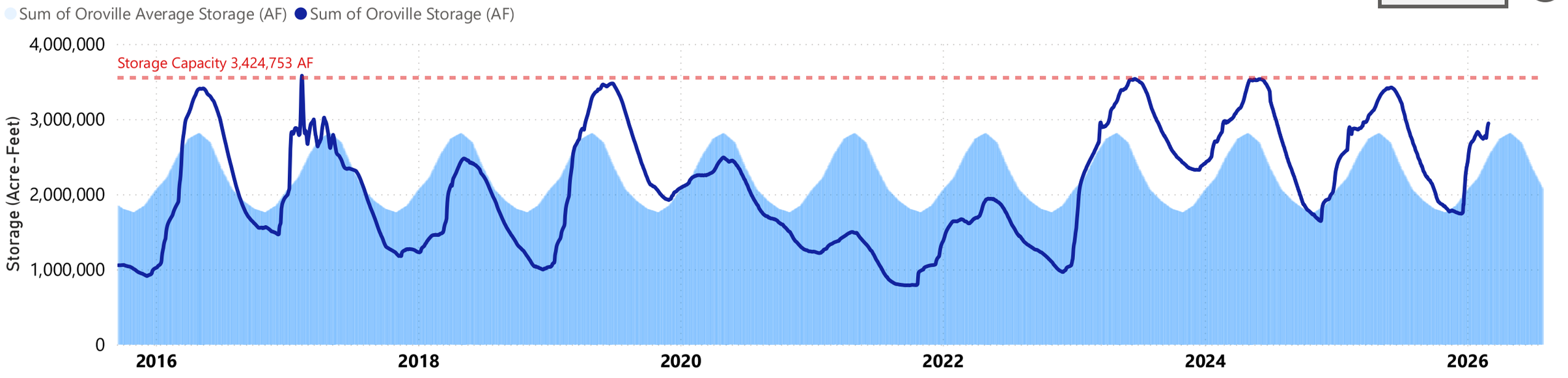


Fig. 10 San Luis Storage vs. Historical Average

Date

9/19/2015 7/31/2026

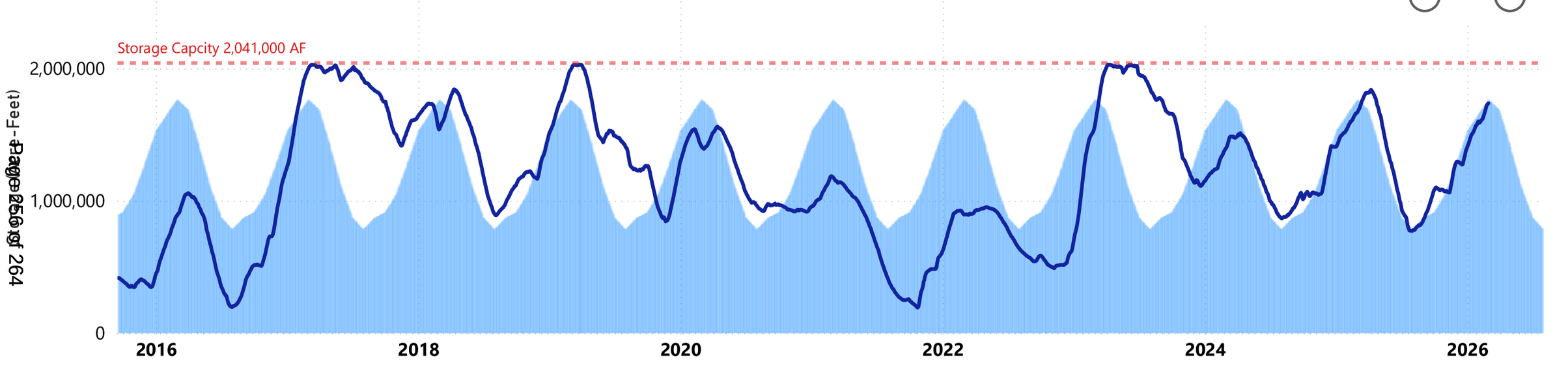


Fig. 11 Northern California SWE vs. Average

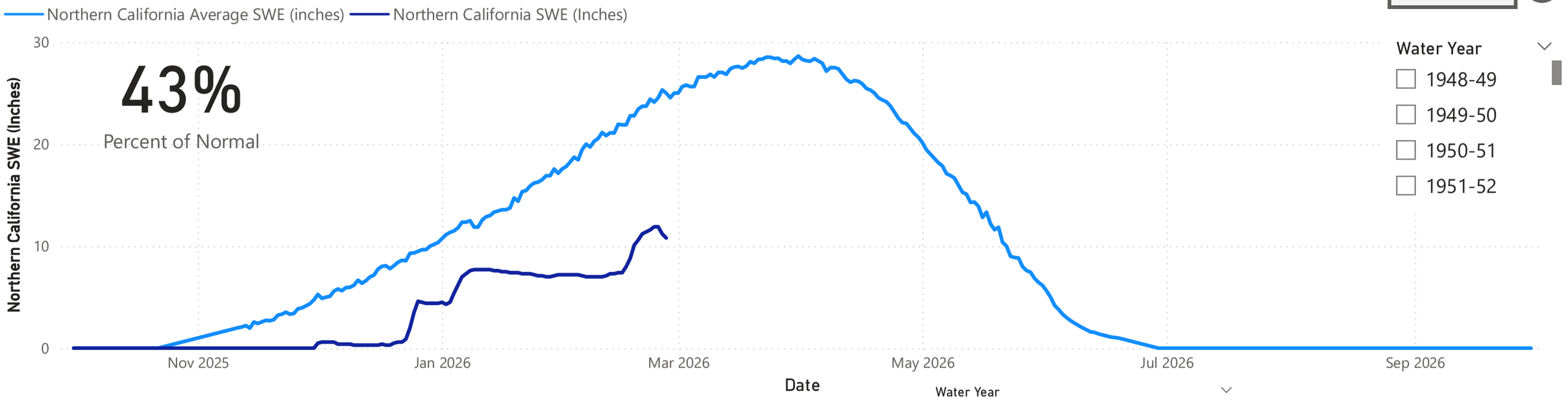


Fig. 11A Northern California SWE April 1st Peak (Inches) by Water Year

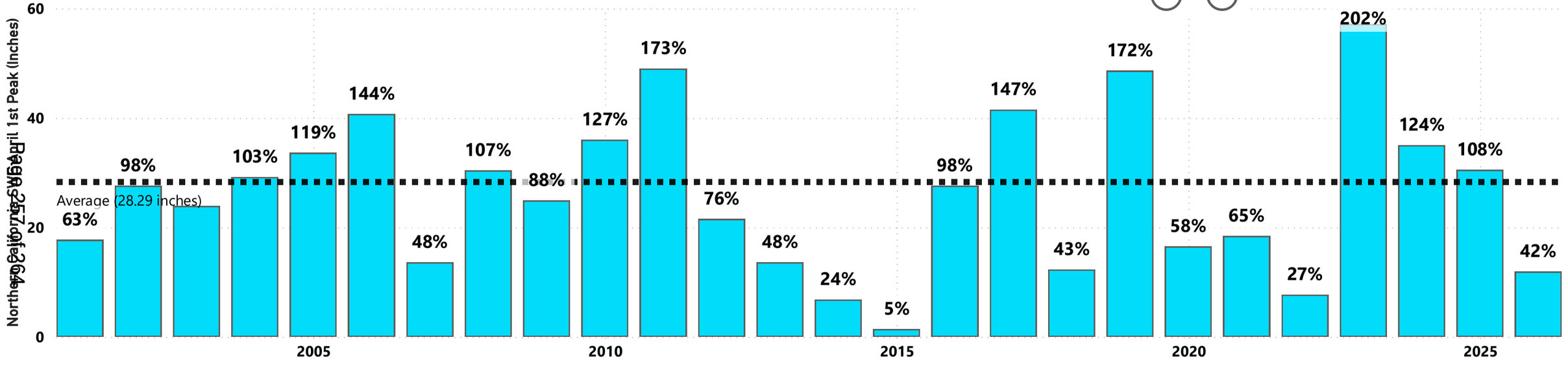


Fig. 12 Upper Colorado SWE vs. Average

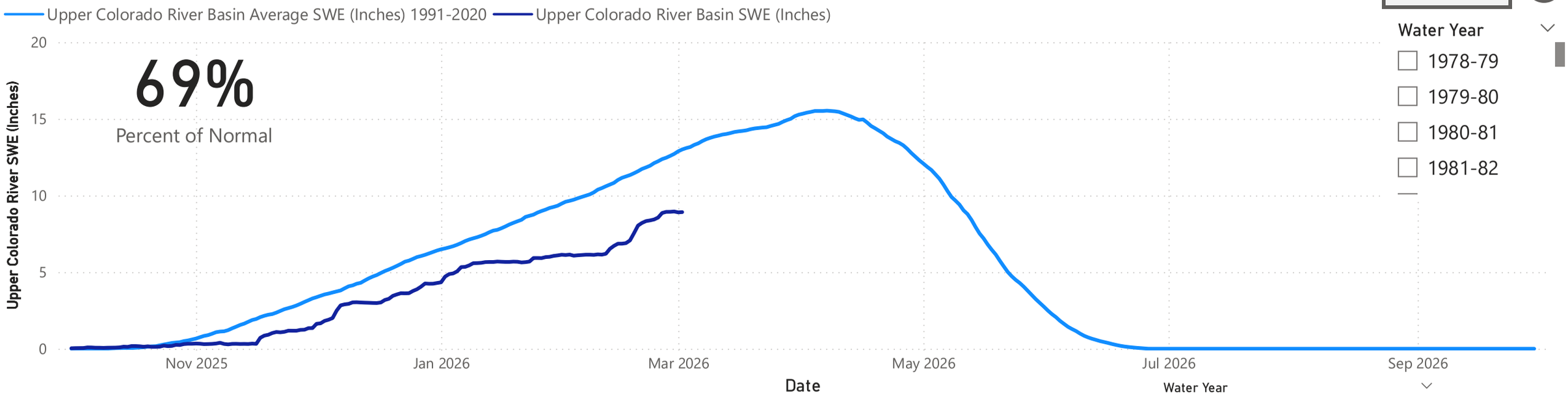


Fig. 12A Upper Colorado SWE April 15th Peak (Inches) by Water Year

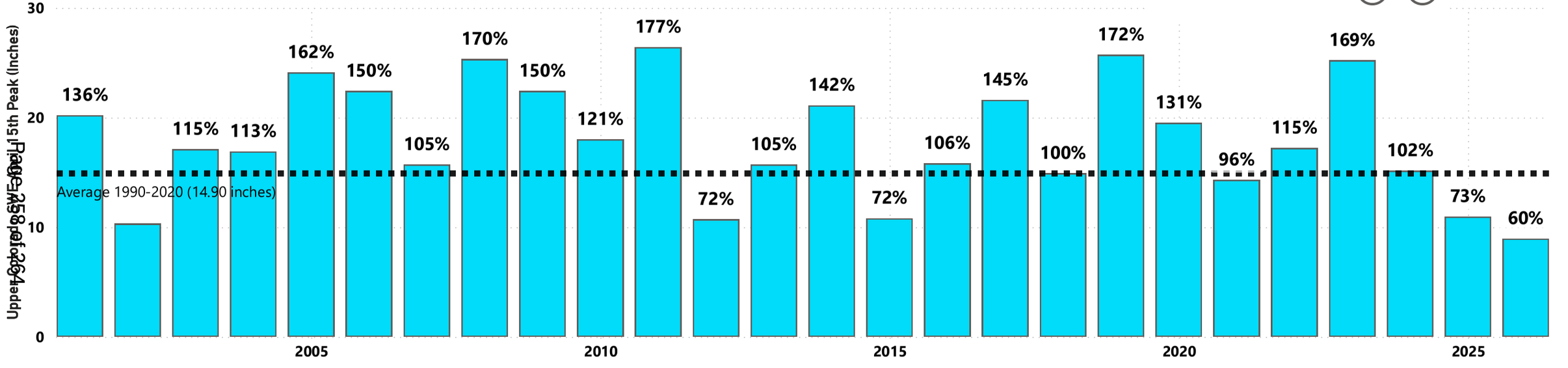


Fig. 13 SWP Table A Allocation Percentage

Chart Info.

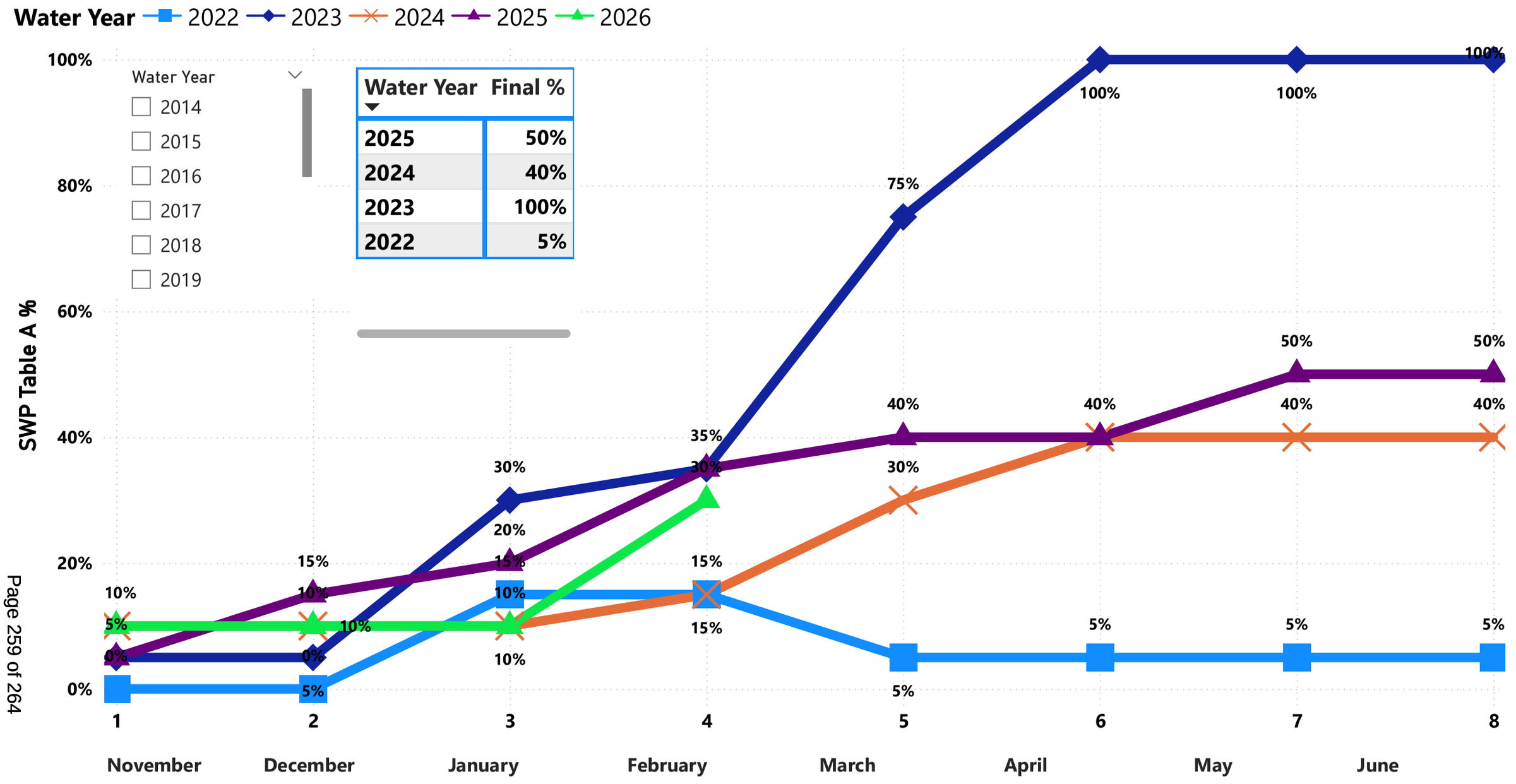


Fig. 14 Lake Mead Levels: Historical and Projected

Chart Info.

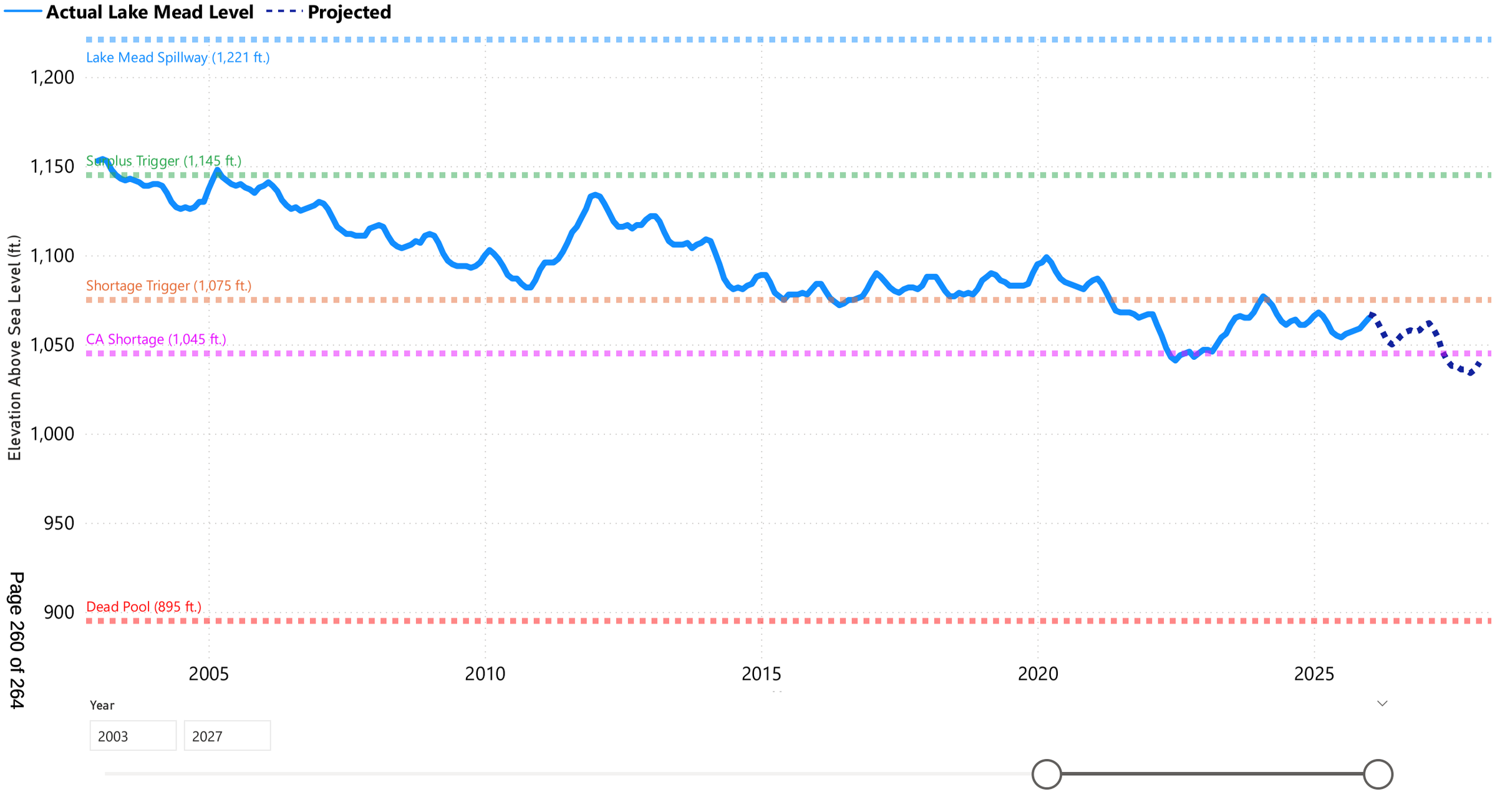


Fig. 15 Lake Powell Levels: Historical and Projected

Chart Info.

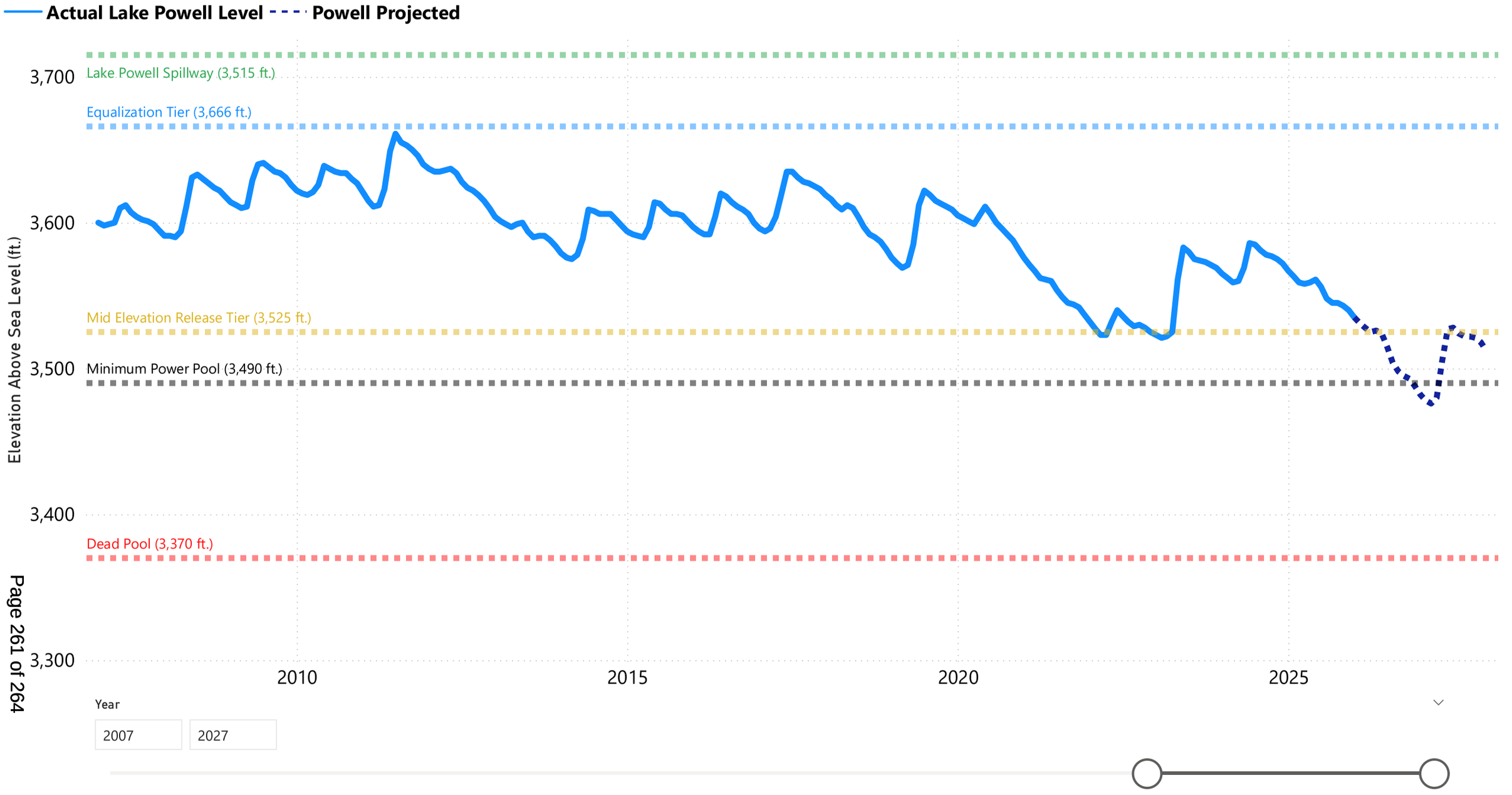


Fig. 16 Northern California SWE April 1st Peak (Inches) and Northern California Runoff (MAF) by Water Year

Chart Info.

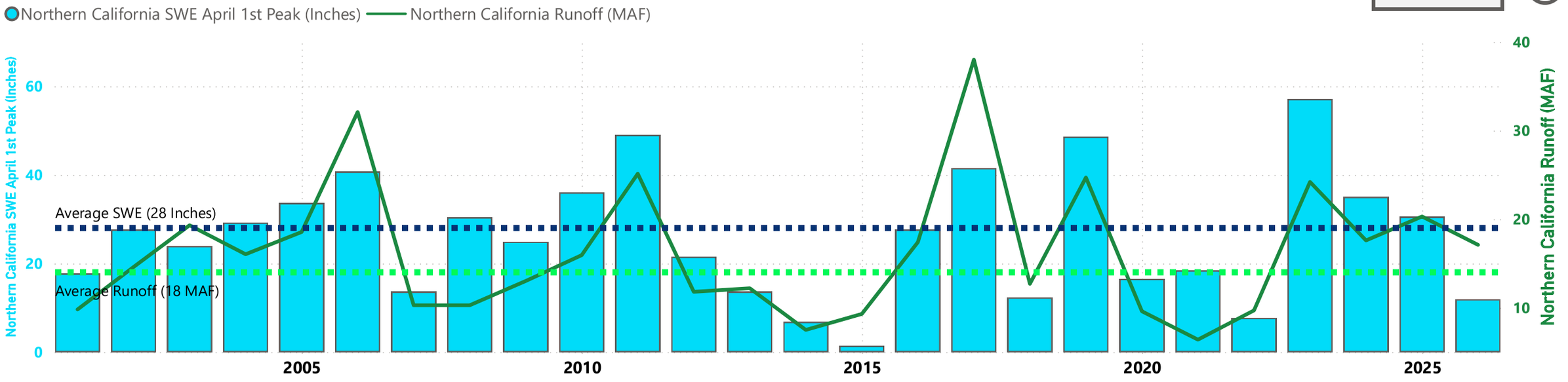


Fig. 17 Upper Colorado SWE April 15th Peak (Inches) and Actual Lake Powell Inflow (MAF) by Water Year

Water Year

2001 2026

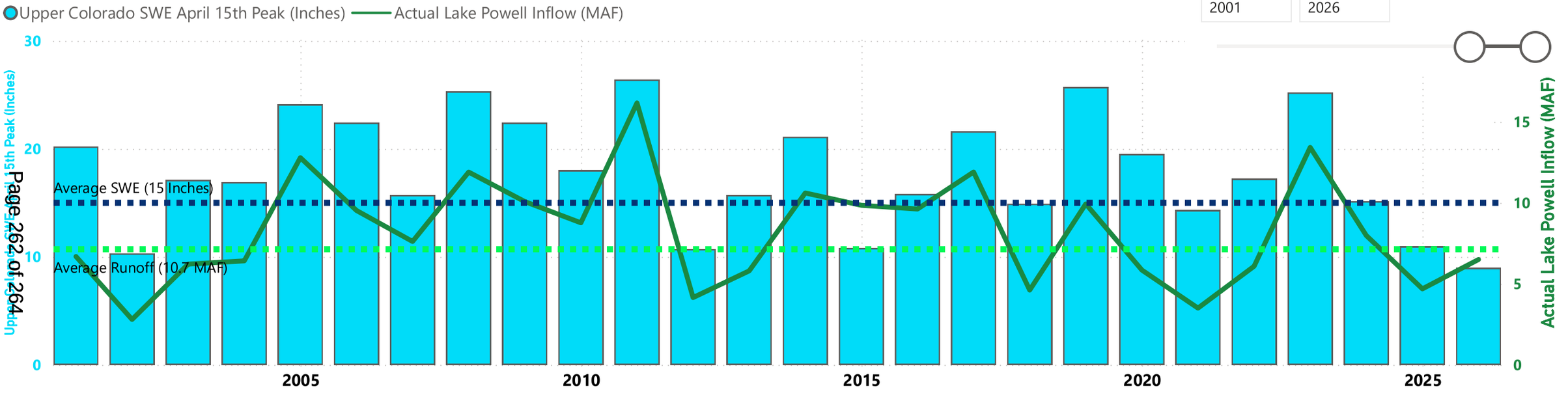


Fig. 18 Accumulated Overdraft of the OCWD Groundwater Basin

Chart Info.

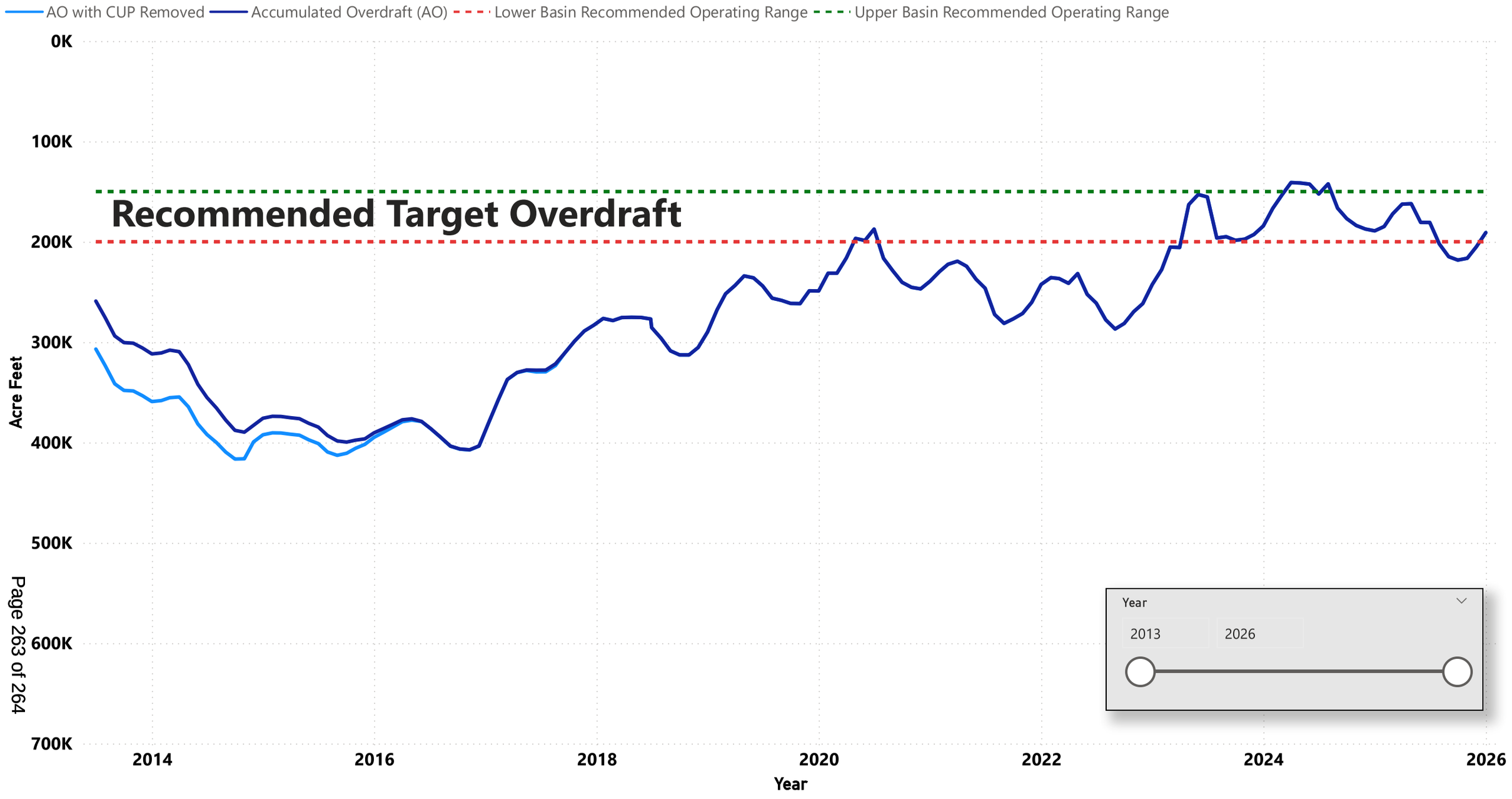


Fig. 19 MWD Historical Dry Year Storage

Chart Info.

