

CITY OF CORONA
SECTION 457(b) DEFERRED COMPENSATION PLAN

As Amended and Restated Effective June 21, 2017

ARTICLE I
PURPOSE

The City of Corona (“City” or “Employer”) hereby amends and restates the City of Corona Section 457(b) Deferred Compensation Plan (“Plan”), effective June 21, 2017. The exclusive purpose of the Plan is to provide retirement benefits to eligible employees of the Employer and their beneficiaries in accordance with the provisions of Section 457 of the Internal Revenue Code of 1986, as amended (the “Code”).

ARTICLE II
DEFINITIONS

2.1 Account. “Account” shall mean the bookkeeping account maintained with respect to each Participant reflecting the value of the Salary Deferrals and Employer Contributions credited to the Participant, including the earnings or losses allocable to the Participant and any distribution made during the Plan Year. The term “Account” shall also include any separate account or accounts established for a Beneficiary after a Participant’s death or for an “alternate payee” (as defined in Section 414(p)(8) of the Code). If a Participant has more than one Beneficiary or alternate payee, then a separate Account shall be maintained for each such Beneficiary or alternate payee.

2.2 Administrator. “Administrator” or “Plan Administrator” shall mean the Employer or other person(s) designated by the Employer pursuant to Section 8.1 of the Plan.

2.3 Beneficiary. “Beneficiary” means the designated person(s) (or, if none, the Participant’s estate) who is entitled to receive benefits under the Plan after the death of a Participant pursuant to Article VII.

2.4 Code. “Code” means the Internal Revenue Code of 1986, as now in effect or as amended, and including all regulations promulgated pursuant thereto.

2.5 Compensation. “Compensation” means the gross amount of all cash compensation for services rendered to the Employer, including salary, wages, fees, commissions, bonuses, and overtime pay, that is includible in the Employee’s gross income for the calendar year, plus amounts that would be otherwise includible in the Employee’s gross income for the calendar year but for a compensation reduction election under Sections 125, 132(f), 401(k), 403(b), or 457(b) of the Code (including Deferral Election). Compensation shall not include any severance payments or salary continuation payments paid by the Employer due to military service or disability.

2.6 Deferral Election. “Deferral Election” means an agreement to enroll and participate in the Plan that is completed by the Participant and which includes, among other provisions permitted under the Plan, terms fixing the amount of Salary Deferrals, specifying a preference among the

investment alternatives designated by the Employer, designating the Employee's Beneficiary or Beneficiaries, and incorporating the terms, conditions, and provisions of the Plan by reference.

2.7 Deferred Compensation. "Deferred Compensation" means a Participant's Salary Deferrals, Employer Contributions, Leave Contributions, Rollover Contributions, Transfers, or any other amount which the Employer agrees to credit to a Participant's Account.

2.8 Effective Date. "Effective Date" of this restatement means June 21, 2017.

2.9 Eligible Deferred Compensation Plan. "Eligible Deferred Compensation Plan" means any plan defined in Section 457(b) of the Code and includes this Plan, among others.

2.10 Employee. "Employee" means any individual who provides services for the Employer as a common law employee.

2.11 Employer. "Employer" means the City of Corona, which is a political subdivision, agency or instrumentality of the State of California.

2.12 Employer Contribution. "Employer Contribution" means the fixed or discretionary amounts contributed by the Employer on behalf of each Participant.

2.13 Includible Compensation. "Includable Compensation" means a Participant's total compensation within the meaning of Code §415(c)(3) paid to an Employee for services rendered to the Employer, but subject to a maximum of \$260,000 (or such higher maximum as may apply under Section 401(a)(17) of the Code) and increased (up to the dollar maximum) by any compensation reduction election under Section 125, 132(f), 401(k), 403(b), or 457(b) of the Code (including an election or agreement to defer Compensation under Article III). The amount of Includable Compensation is determined without regard to any community property laws.

Notwithstanding, "Includable Compensation" shall also include any amount which is paid within two and one-half months following a Severance Event or by the end of the Plan Year in which the Severance Event occurs, including the following types of payments:

(a) Regular Pay. Compensation attributable to services performed by Employee during the Employee's regular working hours as well as outside the Employee's regular working hours (including overtime, commissions, bonuses, or other similar payments) and which would have been paid prior to the Employee's Severance Event if the Employee had continued in employment with Employer.

(b) Accrued Paid Leave. Amounts paid for unused accrued bona fide sick, vacation or other leave provided the Employee would have been able to use the leave prior to the Severance Event.

(c) Deferred Compensation. Compensation paid to the Employee pursuant to a nonqualified deferred compensation plan sponsored by the Employer and includible in the Employee's gross income so long as the payment would have been made if the Employee had continue in employment with Employer.

2.14 Leave Contributions. “Leave Contributions” means contributions to the Plan of annual leave upon a Severance Event, as provided for in Section 3.5.

2.15 Normal Retirement Age. “Normal Retirement Age” means the age at which the Participant will become eligible to retire and receive immediate, unreduced retirement benefits under the Employer’s basic defined benefit retirement plan covering the Participant (or a money purchase pension plan in which the Participant also participates if the Participant is not eligible to participate in a defined benefit plan), unless the Participant has elected a later alternate normal retirement age (which may not be later than the date the Participant will attain age 70 ½) by written instrument delivered to the Administrator prior to a Severance Event. If the Participant will not become eligible to receive benefits under a basic defined benefit retirement plan (or money purchase pension plan, if applicable) maintained by the Employer, the Participant’s alternate Normal Retirement Age may not be earlier than 65 and may not be later than age 70½. A Participant’s Normal Retirement Age determines the period during which a Participant may utilize the special catch-up provisions of Section 4.3(b) hereunder. Once a Participant has to any extent utilized the catch-up limitation of Section 4.3(b), his Normal Retirement Age may not be changed.

A Participant who is a qualified police officer or firefighter (as defined under Section 415(b)(2)(H)(ii)(I) of the Code), may designate a Normal Retirement Age that is between age 40 and age 70½.

2.16 Participant. “Participant” means any Employee who has joined the Plan pursuant to the requirements of Article III. For purposes of Section 5.4 of the Plan, the term Participant includes an Employee or former Employee of the Employer who has not yet received all of the payments of benefits to which he/she is entitled under the Plan.

2.17 Plan Year. “Plan Year” means the 12-month period beginning January 1 and ending December 31 each year.

2.18 Retirement. The first date upon which both of the following shall have occurred with respect to a participant: Severance Event and attainment of the Participant’s Normal Retirement Age.

2.19 Rollover Contributions. “Rollover Contributions” means the amount of cash or property which an eligible retirement plan described in Code Section 402(c)(8)(B) distributes to an eligible Employee or to a Participant in an eligible rollover distribution under Code Section 402(c)(4) and which the eligible Employee or Participant transfers directly or indirectly to an Eligible Deferred Compensation Plan. A Rollover Contribution includes gain or loss attributable to the Rollover Contribution. A Rollover Contribution excludes after-tax Employee contributions, as adjusted for gain or loss.

2.20 Salary Deferrals. “Salary Deferrals” means the amounts contributed to the Plan by an Employee pursuant to a Deferral Election.

2.21 Severance Event. A severance of the Participant’s employment with the Employer within the meaning of Code Section 457(d)(1)(A)(ii). A Participant shall be deemed to have experienced a Severance Event for purposes of this Plan when, in accordance with the established practices of the Employer, the employment relationship is considered to have actually terminated.

2.22 Transfer. “Transfer” means a transfer of assets from one Eligible Deferred Compensation Plan to another which is not a Rollover Contribution and which is made in accordance with Section 10.9.

2.23 Trust. “Trust” means the Trust created under Article X of the Plan.

2.24 Trustee. “Trustee” means “the person or persons designated by the Employer to serve in the position of Trustee.

ARTICLE III PARTICIPATION IN THE PLAN

3.1 Initial Participation. An Employee may become a Participant by completing a Deferral Election prior to the beginning of the calendar month in which the Deferral Election is to become effective. A new employee may defer compensation in the calendar month during which he or she first becomes an employee if a Deferral Election is completed on or before the first day on which the employee performs services for the Employer.

3.2 Salary Deferrals. An Employee may voluntarily elect to become a Participant pursuant to Section 3.1 by filing a Deferral Election with the Employer to defer a portion of his or her Compensation, and have that amount contributed as an Salary Deferral on his or her behalf. Deferral Elections shall be on the form specified by the Employer pursuant to which the Employee specifies the amount of Salary Deferrals to be withheld from Compensation not yet earned. Any such election shall remain in effect until a new election is filed with the Employer.

3.3 Commencement of Salary Deferral Contributions. A Participant’s Deferral Election shall be effective with respect to Compensation earned during the first payroll period commencing in the calendar month next following the date of the Participant’s election.

3.4 Changing Deferrals. A Participant may change the amount of his or her voluntary Salary Deferrals, including electing no Salary Deferrals, with respect to Compensation not yet earned by completing a new Deferral Election prior to the beginning of the month in which such change is to be effective.

3.5 Leave Contributions. In addition to Salary Deferrals under Section 3.2, upon occurrence of a Severance Event, a Participant may submit a special election to defer Compensation attributable to all or a portion of unpaid and accumulated sick, vacation, or other leave, provided all of the following requirements are met:

(a) the special election is completed and filed with the Administrator prior to the beginning of the month in which the leave would be otherwise paid or made available to the Participant as a result of a Severance Event;

(b) the Participant is an Employee of Employer in that month;

(c) the deferral amount shall not cause the Participant to exceed the annual contribution limit for the Plan Year as specified in Section 4.3; and

(d) the deferral of Compensation attributable to all or a portion of unpaid and accumulated sick, vacation, or other leave upon occurrence of a Severance Event is permitted by the Memorandum of Understanding or Resolution applicable to the Participant's bargaining unit or employee group.

3.6 Special Rules for Qualified Military Leave. An Employee whose employment is interrupted by, or who is on a leave of absence for, qualified military service under Code Section 414(u) may elect to make additional Salary Deferrals upon resumption of employment with the Employer equal to the maximum annual Salary Deferrals that the Employee could have elected during that period if the Employee's employment with the Employer had continued (at the same level of Compensation) without the interruption or leave, reduced by the Salary Deferrals, if any, actually made for the Employee during the period of qualified military leave. This right applies for five years following the resumption of employment (or, if sooner, for a period equal to three times the period of the interruption or leave).

Effective for years beginning after December 31, 2008, an individual receiving from the Employer a differential wage payment, as defined in Code Section 3401(h)(2), shall be treated as an Employee of the Employer and the differential wage payments shall be treated as Compensation for purposes of determining benefit accrual. The Plan shall not be treated as failing to meet the requirements of any provision described in Code Section 414(u)(1)(C) by reason of any contribution or benefit which is based on the differential wage payment.

ARTICLE IV CONTRIBUTIONS TO THE PLAN

4.1 Participant Accounts. The Employer shall establish and maintain Accounts on behalf of each Participant, as follows:

(a) Employer Contribution Account. A separate Employer Contribution Account shall be established for each Participant, which shall be credited with Employer Contributions allocated to the Participant, if any.

(b) Employee Salary Deferral Account. A separate Employee Salary Deferral Account shall be established for each Participant, which shall be credited with voluntary Salary Deferral contributions elected pursuant to Section 3.2 and Leave Contributions elected pursuant to Section 3.5.

(c) Rollover Account. A separate Rollover Account (or Accounts) shall be established for each Participant who makes Rollover Contributions to the Plan in accordance with Section 5.4(a).

4.2 Timing of Contributions. Salary Deferrals and Leave Contributions made by the Participant shall be deposited into the Trust within a period that is not longer than is reasonable for the proper administration of his or her Account. For this purpose, Salary Deferrals shall be treated as contributed within a period that is not longer than is reasonable for the proper administration if the contribution is made to the Trust within 15 business days following the end of the month in which the amount would otherwise have been paid to the Participant. Leave

Contributions shall be treated as contributed within a period that is not longer than is reasonable for the proper administration if the contribution is made to the Trust by the later of 2 1/2 months after the Employee's Severance Event or the end of the calendar year in which the Severance Event occurs. Employer Contributions, if any, shall be deposited into the Trust within a period that is not longer than is reasonable for the proper administration of a Participant's Account.

4.3 Annual Contribution Limitations.

(a) Primary Limitation. Except for catch-up contributions described in paragraph (b) and (c) below, the total amount that may be allocated to a Participant's Account for any taxable year shall not exceed the lesser of:

(i) The "applicable dollar amount" determined for the Plan Year pursuant to Section 457(e)(15) of the Code. For 2017, the applicable dollar amount is \$18,000; or

(ii) 100% of the Participant's Includable Compensation.

(b) Special Section 457 Catch-Up Deferral.

(i) The maximum total contribution limitation amount for each of a Participant's last three (3) taxable years ending before he or she attains Normal Retirement Age is the lesser of:

(A) an amount equal to twice the amount of the "applicable dollar amount" specified in Section 4.3(a)(i) above; or

(B) the primary limitation amount determined under Section 4.3(a)(i) for the current year, plus so much of the primary limitation amount that was not utilized in prior taxable years in which the employee was eligible to participate in the Plan or another Eligible Deferred Compensation Plan sponsored by the Employer, beginning after December 31, 1977. A Participant may use a prior year only if the total Salary Deferrals and Employer Contributions under the Plan in existence during that year were subject to the maximum contribution amount described in Code Section 457(b)(3) as in effect prior to and after January 1, 2002.

(ii) The catch-up limitation is available to a Participant only during one three-year period. If a Participant uses the catch-up limitation and then postpones Normal Retirement Age or returns to work after retiring, the limitation shall not be available again before a subsequent retirement.

(c) Age 50 Catch-Up Deferral. All Participants who have attained the age of fifty (50) years before the close of the Plan Year shall be eligible to defer additional amounts of Compensation. Catch-up contributions for a Participant for a taxable year may not exceed the dollar limit on catch-up contributions under Code Section 414(v)(2)(B)(i) for the taxable year. The dollar limit for 2017 is \$6,000.

In the case of Participants who have attained the age of fifty (50) years and are eligible to use the catch-up limitation provided under Section 4.3(b) above, such Participants shall be eligible to defer an amount equal to the greater of (i) the amount permitted under this Section

4.3(c); or (ii) the amount permitted under Section 4.3(b) above. Such additional elective deferrals shall not be taken into account for purposes of the “applicable dollar amount” specified in Section 4.3(a)(i) in effect for the Plan Year.

(d) Coordination With Other Plans. If a Participant participates in more than one Eligible Deferred Compensation Plan, the aggregate total Salary Deferrals under all plans shall be subject to the maximum limitations specified in this Section 4.3. If a Participant is eligible to defer additional amounts under the catch-up contribution option prescribed in (b) and (c) above, under more than one Eligible Deferred Compensation Plan, and, the applicable catch-up amount is not the same for each plan for a Plan Year, said Participant shall be permitted to defer the catch-up amount under the plan which permits the largest catch-up amount for the Participant.

4.4 Excess Deferrals. If a Participant’s total annual contributions for a calendar year exceed the annual contribution limitation under this Article IV, including catch-up contributions under Section 4.3(b) or (c), such amounts shall be considered “Excess Deferrals” and no further contributions shall be made to the Plan on behalf of the Participant for the Plan Year. The Plan Administrator shall cause such Excess Deferrals, adjusted for any income or less in value, to be distributed to the Participant as soon as administratively practicable. Distributions shall be made without regard to any requirements which might otherwise preclude distribution only to the extent allowed under the Code, Treasury Regulations, and other interpretative pronouncements.

4.5 Valuation of Accounts. Accounts shall be valued at least once each Plan Year, and each Participant shall receive written notice of his or her account balance following such valuation. Account balances shall reflect the total Deferred Compensation credited to the Participant’s Account, including any earnings or losses attributable to such amount, and shall be reduced by administrative, investment and other fees in such amounts and at such times as the Administrator deems necessary for the maintenance of this Plan.

ARTICLE V DISTRIBUTION OF BENEFITS

5.1 Eligibility for Payment. A Participant shall be entitled to receive the accrued value of his or her Account under this Plan following his or her Severance Event. Benefit payments to a Participant shall commence upon the date elected by Participant but not later than the required beginning date under Section 5.5. A Participant who is still employed upon reaching Normal Retirement Age shall continue to participate in the Plan.

5.2 Election to Commence Distribution. A Participant may elect to commence distribution of benefits, including the form of payment of benefit, following a Severance Event by submitting a completed election to the Administrator before the date on which benefits are scheduled to commence. However, in no event may distribution of benefits commence later than April 1 of the year following the calendar year in which the Participant attains age 70 ½ in accordance with Section 5.5. A Participant may revoke his or her election (with or without a new election) at any time before thirty (30) days preceding the benefit commencement date by notifying the Administrator in writing, subject to the Administrator’s approval.

(a) No Election. The failure of a Participant to elect a distribution upon becoming entitled to receive his or her benefits shall be deemed an election to defer commencement of payment.

(b) Waiver of 30-day Period for Distribution Consent. The Plan may distribute a benefit less than thirty (30) days after providing the Participant notice of the distribution option, if the Participant affirmatively elects a distribution. The Participant must be notified that the Participant has the opportunity to elect a distribution for at least thirty (30) days after receiving the notice.

5.3 Forms of Distribution. The Participant may elect payment in one of the following forms:

(a) Lump Sum. A single payment of the entire balance in a Participant's Account.

(b) Partial Lump Sum. A partial payment of the balance in a Participant's Account, with the remainder to be paid under another form specified in this Section 5.3.

(c) Annuity. Periodic payments contingent on the life expectancy of the Participant or Beneficiary.

(d) Installments. Periodic payments over a specified period of time, provided that payments made over a period of more than one year shall only be made in substantially nonincreasing amounts (paid not less frequently than annually).

(e) Deferred Benefit. In the event of a Severance Event prior to Normal Retirement Age, the Participant may elect to have the payment of benefits deferred until the Participant reaches Normal Retirement Age.

No payment option may be selected by a Participant unless it satisfies the requirements of Sections 401(a)(9) and 457(d)(2) of the Code, including that payments commencing before the death of the Participant shall satisfy the incidental death benefit requirements under Section 401(a)(9)(G) of the Code.

5.4 Eligible Rollover Distributions.

(a) Incoming Rollovers. An eligible rollover distribution may be accepted from an eligible retirement plan and credited to a Participant's Rollover Account under the Plan. The Employer may require such documentation from the distributing plan as it deems necessary to effectuate the rollover in accordance with Section 402 of the Code and to confirm that such plan is an eligible retirement plan within the meaning of Section 402(c)(8)(B) of the Code. The Plan shall separately account (in one or more separate accounts) for eligible rollover distributions from any eligible retirement plan.

(b) Outgoing Rollovers. 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 any portion of an eligible rollover

distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

(c) Definitions.

(i) Eligible Rollover Distribution. An eligible rollover distribution is 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: 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 years or more; any distribution to the extent such distribution is required under Sections 401(a)(9) and 457(d)(2) of the Code; and any distribution made as a result of an unforeseeable emergency of the employee. For purposes of distributions from other eligible retirement plans rolled over into this Plan, the term eligible rollover distribution shall not include the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities), such as after-tax contributions.

(ii) Eligible Retirement Plan. An eligible retirement plan is an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Sections 403(a) or 403(b) of the Code, a qualified trust described in Section 401(a) of the Code, or an eligible deferred compensation plan described in Section 457(b) of the Code which is maintained by an eligible governmental employer described in Section 457(e)(1) (A) of the Code, that accepts the distributee's eligible rollover distribution.

(iii) 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 under a qualified domestic relations order, as defined in Section 414(p) of the Code, are distributees with regard to the interest of the spouse or former spouse.

(iv) Direct Rollover. A direct rollover is a payment by the plan to the eligible retirement plan specified by the distributee.

5.5 Minimum Required Distributions. Notwithstanding any provision of the Plan to the contrary, the Plan shall comply with the minimum required distribution rules set forth in Sections 457(d)(2) and 401(a)(9) of the Code, including the incidental death benefit requirements of Section 401(a)(9)(G) of the Code.

5.6 Post-Retirement Death Benefits.

(a) Should the Participant die after he or she has begun to receive benefits under a payment option, the remaining payments, if any, under the payment option shall continue until the Administrator receives notice of the Participant's death. Upon notification of the Participant's death, benefits shall be payable to the Participant's Beneficiary commencing not later than December 31 of the year following the year of the Participant's death, provided that the Beneficiary may elect to begin benefits earlier than that date.

(b) In the event that the Beneficiary dies before the payment of death benefits has commenced or been completed, the remaining benefits payable under the payment option applicable to the Beneficiary shall, subject to the requirements set forth in Section 5.5, be paid to an additional beneficiary designated by the Beneficiary. If no additional beneficiary is named, payment shall be made to the Beneficiary's estate in a lump sum.

(c) In the event that the Participant's estate is the Beneficiary, payment shall be made to the estate in a lump sum.

5.7 Pre-Retirement Death Benefits.

(a) Should the Participant die before he or she has begun to receive the benefits provided by Section 5.1, the value of the Participant's Account shall be payable to the Beneficiary commencing not later than December 31 of the year following the year of the Participant's death, provided that the Beneficiary may elect to begin benefits earlier than that date.

(b) In the event that the Beneficiary dies before the payment of death benefits has commenced or been completed, the remaining value of the Participant's Account shall be paid to the estate of the Beneficiary in a lump sum. In the event that the Participant's estate is the Beneficiary, payment shall be made to the estate in a lump sum.

5.8 Unforeseeable Emergencies.

(a) In the event an unforeseeable emergency occurs, a Participant or Beneficiary may apply to the Employer to receive that part of the value of his or her Account that is reasonably needed to satisfy the emergency need. If such an application is approved by the Employer, the Participant or Beneficiary shall be paid only such amount as the Employer deems necessary to meet the emergency need, but payment shall not be made to the extent that the financial hardship may be relieved through cessation of deferral under the Plan, insurance or other reimbursement, or liquidation of other assets to the extent such liquidation would not itself cause severe financial hardship.

(b) An unforeseeable emergency shall be deemed to involve only circumstances of severe financial hardship of a Participant or Beneficiary resulting from an illness or accident of the participant or beneficiary, the Participant's or Beneficiary's spouse, or the Participant's or Beneficiary's dependent (as defined in Section 152 of the Code, and, for taxable years beginning on or after January 1, 2005, without regard to Sections 152(b) (1), (b)(2), and (d)(1)(B) of the Code); loss of the Participant's or Beneficiary's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by homeowner's insurance, e.g., as a result of a natural disaster); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant or the Beneficiary. For example, the imminent foreclosure of or eviction from the Participant's or Beneficiary's primary residence may constitute an unforeseeable emergency. In addition, the need to pay for medical expenses, including non-refundable deductibles, as well as for the cost of prescription drug medication, may constitute an unforeseeable emergency. Finally, the need to pay for the funeral expenses of a spouse or a dependent (as defined in section 152 of the Code, and, for taxable years beginning on or after January 1, 2005, without regard to Sections 152(b)(1), (b)(2), and

(d)(1)(B) of the Code) may also constitute an unforeseeable emergency. Except as otherwise specifically provided in this Section 5.8(b), the purchase of a home and the payment of college tuition are not unforeseeable emergencies.

5.9 In-Service Distribution to Participants Age 70^{1/2} or Older. A Participant who has reached age 70^{1/2} and has not yet had a Severance Event, may, at any time, request a distribution of all or a part of his or her Account. A Participant may only receive two (2) such distributions pursuant to this Section 5.9 in any calendar year.

5.10 Distribution of De Minimis Accounts. Notwithstanding the foregoing provisions of this Article V:

(a) Mandatory Distribution. If the value of a Participant's Account is less than \$1,000, the Participant's Account shall be paid to the Participant in a single lump sum distribution, provided that:

(i) No amount has been deferred under the Plan with respect to the Participant during the 2-year period ending on the date of the distribution; and

(ii) There has been no prior distribution under the Plan to the Participant pursuant to this Section 5.10.

(b) Voluntary Distribution. If the value of the Participant's Account is at least \$1,000 but not more \$5,000, the Participant may elect to receive his or her entire Account in a lump sum payment if:

(i) No amount has been deferred under the Plan with respect to the Participant during the 2-year period ending on the date of the distribution; and

(ii) There has been no prior distribution under the Plan to the Participant pursuant to this Section 5.10.

5.11 Distribution of Rollover Contributions. A Participant may request and receive distribution of his/her Account attributable to Rollover Contributions (but not to Transfers) before the Participant has a distributable event under Section 5.1.

5.12 Special Rule for Deceased or Disabled Veterans. In the case of a Participant who becomes disabled or dies during qualified military service, as defined under USERRA, on or after January 1, 2007, the Participant or his or her designated Beneficiary shall be entitled to any additional benefits provided under the Plan as if the Participant had resumed employment with the Employer on the day preceding death or disability and then terminated employment on the actual date of the death or disability.

ARTICLE VI BENEFICIARIES

6.1 Designation. A Participant shall have the right to designate a Beneficiary and amend or revoke such designation at any time, in writing. Such designation, amendment or revocation shall be effective upon receipt by the Administrator.

6.2 Failure to Designate a Beneficiary. If no Beneficiary is designated, or if no designated Beneficiary survives the Participant, and benefits are payable following the Participant's death, the Administrator may direct that payment of benefits be made to the Participant's estate.

ARTICLE VII LOANS TO PARTICIPANTS

7.1 Availability of Loans to Participants. The Employer may elect to make loans available to Participants in this Plan pursuant to the terms and conditions of a separate loan policy, as set forth in the Memorandum of Understanding or Resolution applicable to the Participant's bargaining unit or employee group; provided that such terms and conditions shall not be inconsistent with the provisions of Code Section 72(p), and the loans shall be made available to all Participants on a reasonably equivalent basis.

ARTICLE VIII ADMINISTRATION

8.1 Plan Administrator. The Plan shall be administered by the Employer or persons designated by the Employer to administer the Plan. The Administrator shall have responsibility for the operation and administration of the Plan and shall direct payment of Plan benefits. The Administrator shall have the power and authority to adopt, interpret, alter, amend or revoke rules and regulations necessary to administer the Plan and to delegate ministerial duties and employ such outside professionals as may be required for prudent administration of the Plan. The Administrator shall also have authority to enter into such agreements on behalf of the Employer as are necessary to implement this Plan.

8.2 Duties of the Employer. The Employer shall have the authority to make all discretionary decisions affecting the rights or benefits of Participants which may be required in the administration of this Plan. The Employer's decisions shall be afforded the maximum deference permitted by applicable law.

8.3 Duties of Administrator. The Administrator, as agent for the Employer, shall perform nondiscretionary administrative functions in connection with the Plan, including the maintenance of Participants' Accounts, the provision of periodic reports of the status of each Account, and the disbursement of benefits on behalf of the Employer in accordance with the provisions of this Plan.

8.4 Lost Participants. The Employer shall take all necessary steps, upon the termination of participation, to ascertain the whereabouts of a lost Participant or Beneficiary whose benefit is payable. However, if the Administrator has concluded that a Participant or Beneficiary cannot be located, the entire Account may be forfeited. In the event the lost Participant subsequently claims his or her vested benefit, the vested portion of the Account(s) shall be reinstated and distributed in accordance with Article V.

8.5 Use of Electronic Medium for Participant Notices and Elections.

(a) Definition of Electronic Medium. “Electronic Medium” means an electronic method of communication system between the Administrator, or its designated representative, and Recipient thereby allowing each party to send and receive notice and elections through the same medium. The only form of electronic communication permitted by the Plan shall be via electronic mail on the Employer’s network or intranet, through an interactive website, or to a private e-mail address supplied by the Recipient for communication purposes. The Electronic Medium must be designed so that the information provided is no less understandable to the receiving party than a written paper document. The Electronic Medium shall be designed to alert the Recipient, at the time a notice is provided, to the significance of the information in the notice (including identification of the subject matter of the notice), and provide any instructions needed to access the notice, in a manner than is readily understandable. The Electronic Medium shall be designed to preclude any person, other than the appropriate individual, from making a participant election or accessing individual participant account information.

For purposes of this Section 8.5, “Recipient” shall mean an Employee, Participant, or other individual to the extent such individual has a vested interest in the Plan.

(b) Disclosure and Consent Requirements.

(i) Disclosure Statement. Prior to electronically transmitting any consent or notice to the Recipient, the Administrator shall provide a statement which contains the following: (i) informs the Recipient of the right to receive a paper document of the notice or other Plan-related material either prior to or after giving consent to electronic transmission; (ii) informs the Recipient of the right to withdraw his or her consent at any time and the procedures for withdrawal, including any conditions, consequences, or fees arising from such withdrawal; (iii) describes the scope and duration of the consent as it related to various plan transactions; (iv) describes the procedures for updating Recipient contact information; and (v) describes the hardware or software requirements needed to access and retain the notice.

(ii) Consent. The Administrator shall be exempt from the consent requirements of Section 101(c) of the Electronic Signatures in Global and National Commerce Act (E-SIGN) provided the Electronic Medium used to provide notices and Plan-related material is a medium that the Recipient has the effective ability to access and the Recipient is advised, each time a notice is transmitted, that he or she can request to receive the notice in paper form at no charge. The form of Electronic Medium utilized by this Plan shall be through an interactive website requiring the Recipient to register an e-mail address for communication purposes.

(iii) Changes in Hardware or Software Requirements. In the event of any changes in the hardware or software requirements needed to access the Electronic Medium, the Administrator, or its designated representative, shall provide a statement to each Recipient of the revised requirements and the right to withdraw consent to receive electronic delivery of Plan-related materials without consequence.

(c) Participant Elections. The Administrator, or its designated representative, shall be permitted to electronically distribute participant elections by Electronic Medium. Each Recipient who is provided with enrollment or election information via Electronic Medium will also be informed by the Administrator that he or she may receive a paper copy of the relevant documents upon request. A participant election will not be treated as being made available to an individual if

such individual cannot effectively access the Electronic Medium for purposes of making the election. An election completed by a Recipient via Electronic Medium shall be deemed as being provided in written form so long as the following requirements are satisfied:

(i) The Recipient has a reasonable opportunity review, confirm, modify or rescind the terms of the election before the election becomes effective

(ii) The Recipient receives, within a reasonable time, a confirmation of the election either through written paper form or by electronic mail (e-mail).

(d) Timing and Content of Elections and Notices. The provisions of this Section 8.5 shall in no way affect or alter the timing or content requirements applicable to each individual notice or document.

ARTICLE IX AMENDMENT OR TERMINATION OF PLAN

9.1 Amendment. The Employer shall have the right to amend this Plan at any time, and from time to time, in whole or in part. The Employer shall notify each Participant in writing of any Plan amendment.

9.2 Termination. Although the Employer has established this Plan with a bona fide intention and expectation to maintain the Plan indefinitely, the Employer may terminate or discontinue the Plan in whole or in part at any time without any liability for such termination or discontinuance. Upon Plan termination, all Salary Deferrals and Employer Contributions shall cease and the Employer shall cause to be distributed to each Participant, in cash or in kind, the net value of the Participant's Account as of the date of termination

ARTICLE X TRUST AND INVESTMENT OF ACCOUNTS

10.1 Investment of Deferred Compensation. A Trust is hereby created to hold all the assets of the Plan for the exclusive benefit of Participants and Beneficiaries, except that expenses and taxes may be paid from the Trust as provided in Section 10.3. The Trustee shall be the Employer or such other person that agrees to act in that capacity.

10.2 Investment Powers. The Trustee or the Administrator, acting as agent for the trustee, shall have the powers listed in this Section with respect to investment of Trust assets, except to the extent that the investment of Trust assets is directed by Participants, pursuant to Section 10.5 or to the extent that such powers are restricted by applicable law.

(a) To invest and reinvest the Trust without distinction between principal and income in common or preferred stocks, shares of regulated investment companies and other mutual funds, bonds, loans, notes, debentures, certificates of deposit, contracts with insurance companies including but not limited to insurance, individual or group annuity, deposit administration, guaranteed interest contracts, and deposits at reasonable rates of interest at banking institutions including but not limited to savings accounts and certificates of deposit. Assets of the Trust may

be invested in securities that involve a higher degree of risk than investments that have demonstrated their investment performance over an extended period of time.

(b) To invest and reinvest all or any part of the assets of the Trust in any common, collective or commingled trust fund that is maintained by a bank or other institution and that is available to Employee plans described under Sections 457 or 401 of the Code, or any successor provisions thereto, and during the period of time that an investment through any such medium shall exist, to the extent of participation of the Plans the declaration of trust of such commonly collective, or commingled trust fund shall constitute a part of this Plan.

(c) To invest and reinvest all or any part of the assets of the Trust in any group annuity, deposit administration or guaranteed interest contract issued by an insurance company or other financial institution on a commingled or collective basis with the assets of any other 457 plan or trust qualified under Section 401(a) of the Code or any other plan described in Section 401(a)(24) of the Code, and such contract may be held or issued in the name of the Administrator, or such custodian as the Administrator may appoint, as agent and nominee for the Employer. During the period that an investment through any such contract shall exist, to the extent of participation of the Plan, the terms and conditions of such contract shall constitute a part of the Plan.

(d) To hold cash awaiting investment and to keep such portion of the Trust in cash or cash balances, without liability for interest, in such amounts as may from time to time be deemed to be reasonable and necessary to meet obligations under the Plan or otherwise to be in the best interests of the Plan.

(e) To hold, to authorize the holding of, and to register any investment to the Trust in the name of the Plan, the Employer, or any nominee or agent of any of the foregoing, including the Administrator, or in bearer form, to deposit or arrange for the deposit of securities in a qualified central depository even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee of such depository with other securities deposited therein by any other person, and to organize corporations or trusts under the laws of any jurisdiction for the purpose of acquiring or holding title to any property for the Trust, all with or without the addition of words or other action to indicate that property is held in a fiduciary or representative capacity but the books and records of the Plan shall at all times show that all such investments are part of the Trust.

(f) Upon such terms as may be deemed advisable by the Employer or the Administrator, as the case may be, for the protection of the interests of the Plan or for the preservation of the value of an investment, to exercise and enforce by suit for legal or equitable remedies or by other action, or to waive any right or claim on behalf of the Plan or any default in any obligation owing to the Plan, to renew, extend the time for payment of, agree to a reduction in the rate of interest on, or agree to any other modification or change in the terms of any obligation owing to the Plan, to settle, compromise, adjust, or submit to arbitration any claim or right in favor of or against the Plans to exercise and enforce any and all rights of foreclosure, bid for property in foreclosure, and take a deed in lieu of foreclosure with or without paying consideration therefor, to commence or defend suits or other legal proceedings whenever any interest of the Plan requires it, and to represent the Plan in all suits or legal proceedings in any court of law or equity or before any body or tribunal.

(g) To employ suitable consultants, depositories, agents, and legal counsel on behalf of the Plan.

(h) To open and maintain any bank account or accounts in the name of the Plan, the Employer, or any nominee or agent of the foregoing, including the Administrator, in any bank or banks.

(i) To do any and all other acts that may be deemed necessary to carry out any of the powers set forth herein.

10.3 Taxes and Expenses. All taxes of any and all kinds whatsoever that may be levied or assessed under existing or future laws upon the Plan, or in respect to the Trust, or the income thereof, and all commissions or acquisitions or dispositions of securities and similar expenses of investment and reinvestment of the Trust, shall be paid from the Trust. Such reasonable compensation of the Administrator, as may be agreed upon from time to time by the Employer and the Administrator, and reimbursement for reasonable expenses incurred by the Administrator in performance of its duties hereunder (including but not limited to fees for legal, accounting, investment and custodial services) shall also be paid from the Trust.

10.4 Payment of Benefits. The payment of benefits from the Trust in accordance with the terms of the Plan may be made by the Administrator, or by any custodian or other person so authorized by the Employer to make such disbursement. The Administrator, custodian or other person shall not be liable with respect to any distribution of Trust assets made at the direction of the Employer.

10.5 Investment Funds. In accordance with uniform and nondiscriminatory rules established by the Employer and the Administrator, the Participant may direct his or her Accounts to be invested in one (1) or more investment funds available under the Plan; provided, however, that the Participant's investment directions shall not violate any investment restrictions established by the Employer. Neither the Employer, the Administrator, nor any other person shall be liable for any losses incurred by virtue of following such directions or with any reasonable administrative delay in implementing such directions.

10.6 Valuation of Accounts. At least once per year, the Plan assets held in each investment fund offered shall be valued at fair market value and the investment income and gains or losses for each fund shall be determined. Such investment income and gains or losses shall be allocated proportionately among all Account balances on a fund-by-fund basis.

10.7 Participant Loan Accounts. Participant loan accounts shall be invested in accordance with the Employer's separate loan policy(ies). Such Accounts shall not share in any investment income and gains or losses of the investment funds described in Sections 10.5 and 10.6.

10.8 Crediting of Accounts. The Participant's Account shall reflect the amount and value of the investments or other property obtained by the Employer through the investment of the Participant's Deferred Compensation pursuant to Sections 10.5 and 10.6. It is anticipated that the Employer's investments with respect to a Participant will conform to the investment preference specified in the Participant's Deferral Election, but nothing herein shall be construed to require the Employer to make any particular investment of a Participant's Deferred Compensation. Each

Participant shall receive periodic reports, not less frequently than annually, showing the then current value of his or her Account.

10.9 Transfers Among Eligible Deferred Compensation Plans of the Employer.

(a) Incoming Transfers. A transfer may be accepted from another eligible deferred compensation plan maintained by the Employer and credited to a Participant's or Beneficiary's Account under the Plan if:

- (i) The Employer's other plan provides that such transfer will be made;
- (ii) The Participant or Beneficiary whose deferred amounts are being transferred will have an amount immediately after the transfer at least equal to the deferred amount immediately before the transfer; and
- (iii) The Participant or Beneficiary whose deferred amounts are being transferred is not eligible for additional annual deferrals in the Plan unless the Participant or Beneficiary is performing services for the Employer.

(b) Outgoing Transfers. A transfer may be accepted to another eligible deferred compensation plan maintained by the Employer and credited to a Participant's or Beneficiary's Account under the Plan if:

- (i) The Employer's other plan provides that such transfer will be accepted;
- (ii) The Participant or Beneficiary whose deferred amounts are being transferred will have an amount immediately after the transfer at least equal to the deferred amount immediately before the transfer; and
- (iii) The Participant or Beneficiary whose deferred amounts are being transferred is not eligible for additional annual deferrals in the Employer's other eligible deferred compensation plan unless the Participant or Beneficiary is performing services for the Employer.

10.10 Trustee-to-Trustee Transfers to Purchase Permissive Service Credit. All or a portion of a Participant's Account may be transferred directly to the trustee of a defined benefit governmental plan (as defined in Section 414(d) of the Code) if such transfer is (a) for the purchase of permissive service credit (as defined in Section 415(n)(3) (A) of the Code) under such plan, or (b) a repayment to which Section 415 of the Code does not apply by reason of subsection (k)(3) thereof, within the meaning of Section 457(e)(17) of the Code.

10.11 Treatment of Distributions of Amounts Previously Rolled Over From 401(a) and 403(b) Plans and IRAs. For purposes of Section 72(t) of the Code, a distribution from this Plan shall be treated as a distribution from a qualified retirement plan described in Section 4974(c)(1) of the Code to the extent that such distribution is attributable to an amount transferred to an eligible deferred compensation plan from a qualified retirement plan (as defined in Section 4974(c) of the Code).

10.12 Employer Liability. In no event shall the Employer's liability to pay benefits to a Participant under this Plan exceed the value of the amounts credited to the Participant's Account. Neither the Employer nor the Administrator shall be liable for losses in the value of any investments under this Plan.

ARTICLE XI MISCELLANEOUS

11.1 Limitation of Rights; Employment Relationship. Neither the establishment of this Plan nor any modification thereof, nor the creation of any fund or account, nor the payment of any benefits, shall be construed as giving a Participant or other person any legal or equitable right against the Employer except as provided in the Plan. In no event shall the terms of employment of any employee be modified or in any way be affected by the Plan.

11.2 Limitation on Assignment. Except as otherwise provided, benefits under this Plan may not be assigned, sold, transferred or encumbered, and any attempt to do so shall be void. A Participant's or Beneficiary's interest in benefits under the Plan shall not be subject to debts or liabilities of any kind and shall not be subject to attachment, garnishment or other legal process.

11.3 Domestic Relations Orders. To the extent required under a domestic relations order, any portion of a Participant's Account may be paid or set aside for payment to a spouse, former spouse, child, or other dependent of the Participant (an "Alternate Payee").

11.4 IRS Levy. Notwithstanding Section 11.2, the Administrator may pay from a Participant's or Beneficiary's Account the amount that the Administrator finds is lawfully demanded under a levy issued by the Internal Revenue Service with respect to the Participant or Beneficiary or is sought to be collected by the United States Government under a judgment resulting from an unpaid tax assessment against the Participant or Beneficiary.

11.5 Mistaken Contributions. If any contribution (or any portion of a contribution) is made to the Plan by a good faith mistake of fact, then within one year after the payment of the contribution, and upon receipt in good order of a proper request approved by the Administrator, the amount of the mistaken contribution (adjusted for any income or loss in value, if any allocable thereto) shall be returned directly to the Participant or, to the extent required or permitted by the Administrator, to the Employer.

11.6 Payments to Minors and Incompetents. If a Participant or Beneficiary entitled to receive any benefits hereunder is a minor or is adjudged to be legally incapable of giving valid receipt and discharge for such benefits, or is deemed so by the Administrator, benefits will be paid to such persons as the Administrator may designate for the benefit of such Participant or Beneficiary. Such payments shall be considered a payment to such Participant or Beneficiary and shall, to the extent made, be deemed a complete discharge of any liability for such payments under the Plan.

11.7 Applicable Law. This Plan and Trust shall be construed under the laws of the state where the Employer is located and is established with the intent that it meet the requirements of an "eligible deferred compensation plan" under Section 457(b) of the Code, as amended. The provisions of this Plan and Trust shall be interpreted wherever possible in conformity with the requirements of that Section of the Code.

11.8 Military Service. Notwithstanding any provision of the Plan to the contrary, the Plan shall be administered in compliance with the requirements of Section 414(u) of the Code.

11.9 Gender and Number. The masculine pronoun, whenever used herein, shall include the feminine pronoun, and the singular shall include the plural, except where the context requires otherwise.

IN WITNESS WHEREOF, the Employer has caused the City of Corona Section 457(b) Deferred Compensation Plan to be executed on _____.

EMPLOYER:

CITY OF CORONA

By: _____
Its: _____

By: _____
Its: _____

APPROVED AS TO FORM AND CONTENT:

By: _____
Attorneys for Employer