

ADOPTION AGREEMENT FOR  
SCHOOLSFIRST PLAN ADMINISTRATION, LLC  
ELIGIBLE 457(b) PROTOTYPE PLAN

By executing this Adoption Agreement, Vista Del Mar Union School District ("Employer") elects to become a participating Employer in the SchoolsFirst Plan Administration, LLC Eligible 457(b) Prototype Plan ("Plan"). The Plan consists of this Adoption Agreement and the accompanying basic plan document. The Sponsor makes the following elections granted under the provisions of the Plan.

ARTICLE I  
DEFINITIONS

- 1.00 **COMPENSATION.** Compensation for purposes of allocation of Salary Reduction Contributions means W-2 wages (including Elective Contributions).
- 1.01 **EFFECTIVE DATE:** \_\_\_\_\_
- 1.02 **INDEPENDENT CONTRACTOR.** The Plan Does not permit Independent Contractors to participate in the Plan.
- 1.03 **NORMAL RETIREMENT AGE.** For purposes of this provision, Normal Retirement Age shall be in the year in which Participant becomes eligible for full retirement benefits under PERS, STRS, or a similar retirement system.
- 1.04 **PLAN.** The Plan name as adopted by the Employer is Vista Del Mar Union School District 457(b) Plan.
- 1.05 **PLAN YEAR.** Plan Year means the 12-consecutive month period (except for a short Plan Year) ending every December 31.
- 1.06 **TYPE OF 457(b) PLAN.** The Type of 457(b) Plan is a **Governmental Eligible 457(b) Plan**.

ARTICLE II  
EMPLOYEE PARTICIPANTS

- 2.01 **ELIGIBILITY.** The Employee is eligible to participate in the Plan as of his/her first day of employment with the Employer which date is also referred to as the Plan Entry Date.

ARTICLE III  
SALARY REDUCTION CONTRIBUTIONS

- 3.01 **AMOUNT.** The amount of Salary Reduction Contributions to the Plan for a Plan Year or other specified period will equal the dollar or percentage amount by which Participants have reduced their Compensation, pursuant to Salary Reduction Agreements.
- 3.02 **LIMITS ON SALARY REDUCTION CONTRIBUTIONS.** A Participant's Salary Reduction Contributions are subject to only those limitations imposed by the Code.
- 3.03 **SICK, VACATION, AND BACK PAY.** The Plan Permits Participants to make Salary Reduction Contributions from accumulated sick pay, from accumulated vacation pay or from back pay.
- 3.04 **AUTOMATIC ENROLLMENT.** The Plan does not apply the Plan's Automatic Enrollment provisions.
- 3.05 **AGE 50 CATCH-UP CONTRIBUTIONS.** The Plan permits Participants to make age 50 catch-up contributions.

**ARTICLE IV  
TIME AND METHOD OF PAYMENT OF BENEFITS**

4.01 **TIME/METHOD OF PAYMENT OF ACCOUNT.** The Plan will distribute to a Participant who incurs a Severance from Employment his/her Vested Account at Normal Retirement Age, and in a single lump sum payment. No Election of the timing and method of payment is allowed under the Plan.

4.02 **DISTRIBUTIONS PRIOR TO SEVERANCE FROM EMPLOYMENT.** A Participant prior to Severance from Employment may elect to receive a distribution of his/her Vested Account under the Plan for unforeseeable emergency only. A Participant may not elect to receive distribution of his/her Rollover Contributions Account until the Participant has a distributable event under Plan Section 4.01.

4.03 **QDRO.** The QDRO provisions of Plan Section 4.06 apply.

**ARTICLE V  
PLAN ADMINISTRATOR - DUTIES WITH RESPECT TO PARTICIPANTS' ACCOUNTS**

5.01 **ALLOCATION OF NET INCOME, GAIN OR LOSS.** The Plan Administrator will allocate net income, gain or loss by crediting to each Account the Account's actual earnings, including Trust earnings if applicable.

5.02 **VESTING/SUBSTANTIAL RISK OF FORFEITURE.** A Participant's Deferral Contributions are immediately 100% Vested without regard to additional Service.

**ARTICLE VI  
TRUST PROVISIONS – GOVERNMENTAL ELIGIBLE 457 PLAN**

6.01 **DISCRETIONARY/NONDISCRETIONARY TRUSTEE.** The Trustee is a discretionary Trustee under the Plan.

6.02 **CUSTODIAL ACCOUNT/ANNUITY CONTRACT.** The Employer will hold all or part of the Deferred Compensation in one or more custodial accounts.

**AMENDMENT FOR  
PENSION PROTECTION ACT OF 2006  
AND OTHER LAW CHANGES**

**RECITALS**

Recent law changes, including the Pension Protection Act of 2006 ("PPA"), affect the Plan; and

The Plan gives the Employer the authority to make amendments to the Plan, and the Employer wishes to update the Plan for law changes currently in effect.

The Employer therefore amends the Plan by adding the following provisions to the Plan:

**ARTICLE I  
PREAMBLE**

**1.1 ADOPTION and EFFECTIVE DATE of AMENDMENT.** The Employer adopts this Amendment to the Plan to reflect recent law changes. This Amendment is effective as indicated below for the respective provisions.

**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 EMPLOYER'S ELECTION.** The Employer adopts all Articles of this Amendment, except those Articles which the Employer specifically elects not to adopt.

**1.4 Construction.** 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.

**ARTICLE II  
DEFINITION OF UNFORESEEABLE EMERGENCY**

**2.1 APPLICATION.** Effective for taxable years beginning after December 31, 2001, this Article II applies only if the Plan permits a distribution to a Participant on account of an unforeseeable emergency.

**2.2 DEFINITION of UNFORESEEABLE EMERGENCY.** An unforeseeable emergency is a severe financial hardship of a Participant or Beneficiary resulting from: (1) illness or accident of the Participant, the Participant's Beneficiary, or the Participant's or Beneficiary's spouse or dependent (as defined in Code §152, and, for taxable years beginning on or after January 1, 2005, without regard to Code §152(b)(1), (b)(2), and (d)(1)(B)); (2) loss of the Participant's or Beneficiary's property due to casualty; (3) the need to pay for the funeral expenses of the Participant's or Beneficiary's spouse or dependent (as defined in Code §152, and, for taxable years beginning on or after January 1, 2005, without regard to Code §152(b)(1), (b)(2), and (d)(1)(B)); or (4) other similar extraordinary and unforeseeable circumstances arising from events beyond the Participant's or Beneficiary's control.

**2.3 DEFINITION of BENEFICIARY.** The Participant's Beneficiary is a person who a Participant designates and who is or may become entitled to a Participant's Plan account upon the Participant's death.

**ARTICLE III  
DEFERRALS FROM POST-SEVERANCE COMPENSATION**

**3.1 POST-SEVERANCE DEFERRALS LIMITED to POST-SEVERANCE COMPENSATION.** For taxable years beginning after December 31, 2001, deferrals are permitted from an amount received following Severance from Employment only if the amount is Post-Severance Compensation as defined in Section 3.2.

**3.2 POST-SEVERANCE COMPENSATION DEFINED.** Post-Severance Compensation for purposes of this Article III includes the amounts described in (a) and (b) below, paid after a Participant's Severance from Employment with the Employer, but only to the extent such amounts are paid by the later of 2½ months after Severance from Employment or the end of the calendar year that includes the date of such Severance from Employment. The Employer, by its election in this Amendment, also *includes* in the definition of Post-Severance Compensation the amounts described in (c) and (d) below.

**(a) REGULAR PAY.** Post-Severance Compensation *includes* regular pay after Severance of Employment 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.

**(b) LEAVE CASH OUTS and DEFERRED COMPENSATION.** Post-Severance Compensation *includes* 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, and the amounts are payment 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. In addition, Post-Severance Compensation includes payments of deferred compensation if the compensation would have been included in the definition of Compensation if it had been paid prior to the Participant's Severance from Employment, and the compensation is 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 that the payment is includible in the Participant's gross income.

**(c) SALARY CONTINUATION PAYMENTS for MILITARY SERVICE PARTICIPANTS.** Post-Severance Compensation does *not* include payments to an individual who does not currently perform services for the Employer by reason of Qualified Military Service (as described 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.

**(d) SALARY CONTINUATION PAYMENTS for DISABLED PARTICIPANTS.** Post-Severance does *not* include Compensation paid to a Participant who is permanently and totally disabled (as defined in Code §22(e)(3))

**3.3 LIMITATION on POST-SEVERANCE COMPENSATION.** Any payment of Compensation paid after Severance of Employment that is not described in Section 3.2(a), (b), (c) or (d) above is not Post-Severance Compensation, even if payment is made by the later of 2½ months after Severance from Employment or by the end of the calendar year that includes the date of such Severance of Employment.

**ARTICLE IV  
QUALIFIED DOMESTIC RELATIONS ORDERS**

**4.1 PERMISSIBLE QDROs.** Effective April 6, 2007, a domestic relations order that otherwise satisfies the requirements for a qualified domestic relations order ("QDRO") will not fail to be a QDRO: (i) solely because the order is issued after, or revises, another domestic relations order or QDRO; 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.

**4.2 OTHER QDRO REQUIREMENTS APPLY.** A domestic relations order described in Section 4.1 is subject to the

same requirements and protections that apply to QDROs.

**ARTICLE V  
PARTICIPANT DISTRIBUTION NOTIFICATION**

**5.1 180-DAY NOTIFICATION PERIOD.** For any distribution notice issued in plan years beginning after December 31, 2006, any reference to the 90-day maximum notice period prior to distribution in applying the notice requirements of Code §402(f) (the rollover notice relating to an eligible rollover distribution), means 180 days.

**ARTICLE VI  
DIRECT ROLLOVER OF NON-SPOUSE BENEFICIARY DISTRIBUTION**

**6.1 NON-SPOUSE BENEFICIARY ROLLOVER RIGHT.** For distributions after December 31, 2006, a non-spouse beneficiary who is a "designated beneficiary" under Code §401(a)(9)(E) and the regulations there under, by a direct trustee-to-trustee transfer ("direct rollover"), may roll over all or any portion of his/her distribution to an individual retirement account (including a Roth IRA) the beneficiary establishes for purposes of receiving the distribution. In order to be able to roll over the distribution, the distribution otherwise must satisfy the definition of an eligible rollover distribution.

**6.2 CERTAIN REQUIREMENTS NOT APPLICABLE.** Although a non-spouse beneficiary may roll over directly a distribution as provided in Section 7.1, the distribution is not subject to the direct rollover requirements of Code §401(a)(31), the notice requirements of Code §402(f) or the mandatory withholding requirements of Code §3405(c). If a non-spouse beneficiary receives a distribution from the Plan, the distribution is not eligible for a "60-day" rollover.

**6.3 TRUST BENEFICIARY.** If the Participant's named beneficiary is a trust, the Plan may make a direct rollover to an individual retirement account on behalf of the trust, provided the trust satisfies the requirements to be a designated beneficiary within the meaning of Code §401(a)(9)(E).

**6.4 REQUIRED MINIMUM DISTRIBUTIONS NOT ELIGIBLE for ROLLOVER.** A non-spouse beneficiary may not roll over an amount which is a required minimum distribution, as determined under applicable Treasury regulations and other IRS guidance.

**6.5 MANDATORY DEFAULT ROLLOVER NOT APPLICABLE.** The mandatory default rollover provisions of the Plan under Code §401(a)(31)(B), relating to mandatory distributions (of an eligible rollover distribution) greater than \$1,000, do not apply to distributions to a non-spouse beneficiary.

**ARTICLE VII  
DIRECT ROLLOVER TO ROTH**

**7.1 ROTH IRA ROLLOVER.** For distributions made after December 31, 2007, a Participant may elect to roll over directly an eligible rollover distribution to a Roth IRA described in Code §408A(b).