NATOMAS BASIN CONSERVANCY HEALTH PREMIUM REIMBURSEMENT PLAN

SUMMARY PLAN DESCRIPTION

Effective October 1, 2017

Introduction

The Natomas Basin Conservancy (the Employer) is pleased to provide the Natomas Basin Conservancy Health Premium Reimbursement Plan (the "HRA Plan") for eligible Employees. Under federal tax law, the HRA Plan is known as a "Health Reimbursement Arrangement" or "HRA." This summary plan description ("SPD") describes the basic features of the HRA Plan, how it operates, and how you can get the maximum advantage from it. It is only a summary of the key parts of the HRA Plan and a brief description of your rights as a Participant. If there is a conflict between the official, complete HRA Plan document and this SPD, the official HRA Plan document will control. Definitions of capitalized terms used in this SPD are contained in Part V.

The HRA Plan is not to be construed as giving you any rights against the HRA Plan except those expressly described in this document. The HRA Plan is not a contract of employment between you and the Employer.

I. General Information About the Plan

I-1. What is the purpose of the HRA Plan?

The purpose of the HRA Plan is to reimburse Participants, up to certain limits, for their Medicare and Medicare Supplement Insurance policy (also known as Medigap) premium expenses. Reimbursements for premium expenses paid by the HRA Plan generally are excludable from taxable income.

I-2. When did the HRA Plan take effect?

The HRA Plan became effective October 1, 2017.

I-3. Who can become a participant in the HRA Plan?

If you are an Employee of the Employer and are enrolled in Medicare, you are an eligible Employee and may become a Participant in the HRA Plan provided, that, if the HRA Plan covers two or more active employees of the Employer, then an Employee must be enrolled in Medicare Part B or D to participate in the HRA Plan.

I-4. What Benefits are offered through the HRA Plan?

Once you become a Participant, the HRA Plan will maintain an "HRA Account" in your name to keep a record of the amounts available to you for the reimbursement of eligible Medicare and Medigap premium expenses. Your HRA Account is merely a recordkeeping account; it is not

funded (all reimbursements are paid from the general assets of the Employer), and it does not bear interest or accrue earnings of any kind.

The maximum annual amount that may be credited during that Plan Year to the HRA Account of a Participant in the HRA Plan is equal to the cost of Medicare and Medigap premiums for the Participant for the Plan Year. For each calendar month that you are a Participant, your HRA Account will be credited with a pro rata portion of the maximum annual amount, so long as you are an eligible Employee on the first day of that month. Your HRA Account will be reduced by any amount paid to you, or for your benefit, for eligible Medicare and Medigap premium expenses incurred by you.

After the end of the Plan Year, the unused amount (if any) in your HRA Account will be forfeited and revert to the Employer.

No Benefit payable at any time under the HRA Plan shall be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment, or encumbrance of any kind.

If it is later determined that you received an overpayment or a payment was made in error, you will be required to refund the overpayment or erroneous reimbursement to the HRA Plan. If you do not refund the overpayment or erroneous payment, the HRA Plan and the Employer reserve the right to offset future reimbursement equal to the overpayment or erroneous payment or, if that is not feasible, to withhold such funds from your pay to the extent permitted by law.

I-5. How will the HRA Plan work?

The HRA Plan will reimburse you for eligible Medicare and Medigap premium expenses. The following procedure should be followed:

- You must submit a claim to the Administrator and provide any additional information requested by the Administrator;
- A request for payment must relate to Medicare or Medigap premium expenses incurred by you during the time you were a Participant under this Plan; and
- A request for payment must be submitted within 60 days following the date the Medicare or Medigap premium expense was incurred.

Claims must be submitted in writing. The Administrator may require that Participants submit claims on a form provided by the Administrator. The claim must set forth:

- The nature and date of the Medicare or Medigap premium expenses so incurred;
- The amount of the requested reimbursement; and
- A statement that such expenses have not otherwise been reimbursed and are not reimbursable through any other source.

Each claim must be accompanied by bills, invoices, or other statements from an independent third party showing that the expenses have been incurred and showing the amounts of such expenses, along with any additional documentation that the Administrator may request.

I-6. Are there any limitations on Benefits available from the HRA Plan?

Only Medicare and Medigap premium expenses are covered by the HRA Plan.

I-7. How do I become a Participant?

If you meet the eligibility requirements described in Section I-3, you will become a Participant in the HRA Plan on the date you submit a properly completed enrollment form, or the first day of the later month indicated on your enrollment form, in accordance with procedures established by the Employer, but only if you are an eligible Employee on that day.

I-8. What if I cease to be an eligible Employee?

If you cease to be an eligible Employee (for example, if you die, retire, or terminate employment), your participation in the HRA Plan will terminate at the end of the month in which the terminating event occurs, unless you are eligible for and elect Cal-COBRA continuation coverage as described below. In either case, you will be reimbursed for any Medicare and Medigap premium expenses incurred prior to the date your participation terminates provided that you comply with the reimbursement request procedures required under the HRA Plan (see Section I-5 for more information on the reimbursement request process).

I-9. What is Cal-COBRA continuation coverage? If I have a Cal-COBRA Qualifying Event, can I continue to participate in the HRA Plan?

Cal-COBRA is a California law that gives certain employees, spouses, and dependent children of employees the right to temporary continuation of their health care coverage under a small employer's major medical or other health insurance plan at group rates. If you, your Spouse, or your Dependent children incur an event known as a "Qualifying Event," and if such individual is covered under the HRA Plan when the Qualifying Event occurs, then the individual incurring the Qualifying Event will be entitled under Cal-COBRA to elect to continue his or her coverage under the HRA Plan if he or she pays the applicable premium for such coverage. "Qualifying Events" are certain types of events that would cause, except for the application of Cal-COBRA's rules, an individual to lose his or her health insurance coverage. A Qualifying Event includes the following events:

- Your termination from employment or reduction of hours;
- Your divorce or legal separation from your Spouse;
- Your becoming eligible to receive Medicare benefits;
- Your Dependent child ceasing to qualify as a Dependent.

The Cal-COBRA continuation coverage runs for a period of 36 months following the date that regular coverage ended.

I-10. Will I have any administrative costs under the HRA Plan?

Generally, no. The Employer is currently bearing the entire cost of administering the HRA Plan while you are an Employee.

I-11. How long will the HRA Plan remain in effect?

Although the Employer expects to maintain the HRA Plan indefinitely, it has the right to terminate the HRA Plan at any time. The Employer also reserves the right to amend the HRA Plan at any time and in any manner that it deems reasonable, in its sole discretion. An amendment or termination of the Plan could result in the reduction or elimination of HRA Account balances under this Plan.

I-12. Are my Benefits taxable?

The HRA Plan is intended to meet certain requirements of existing federal tax laws, under which the Benefits that you receive under the HRA Plan generally are not taxable to you. However, the Employer cannot guarantee the tax treatment to any given Participant, since individual circumstances may produce differing results. If there is any doubt, you should consult your own tax advisor.

I-13. What happens if my claim for Benefits is denied?

If your claim for Benefits is denied, then you have the right to be notified of the denial and to appeal the denial, both within certain time limits. The rules regarding denied claims for Benefits under the HRA Plan are discussed below.

A. When must I receive a decision on my claim?

You are entitled to notification of the decision on your claim within 30 days after the Administrator's receipt of the claim. This 30-day period may be extended by an additional period of up to 15 days if the extension is necessary due to conditions beyond the control of the Administrator. The Administrator is required to notify you of the need for the extension and the time by which you will receive a determination on your claim. If the extension is necessary because of your failure to submit the information necessary to decide the claim, then the Administrator will notify you regarding what additional information you are required to submit, and you will be given at least 45 days after such notice to submit the additional information. If you do not submit the additional information, the Administrator will make the decision based on the information that it has.

B. What information will a notice of denial of a claim contain?

If your claim is denied, the notice that you receive from the Administrator will include the following information:

- Information about your claim, including the date of service, health care provider, claim amount, and any diagnosis and treatment code and their corresponding meanings, to the extent such information is available;

- The specific reason for the denial;
- A reference to the specific HRA Plan provision(s) on which the denial is based;
- Any denial code (and its corresponding meaning) that was used in denying the claim;
- A description of any additional material or information necessary for you to perfect your claim and an explanation of why such material or information is necessary;
- A description of the HRA Plan's internal and external review procedures and the time limits applicable to such procedures, including a statement of your right to bring a civil action under ERISA §502(a) following a denial on appeal; and
- If the Administrator relied on an internal rule, guideline, protocol, or similar criteria in making its determination, either a copy of the specific rule, guideline, or protocol, or a statement that such a rule, guideline, protocol, or similar criterion was relied upon in making the determination and that a copy of such rule, guideline, protocol, or similar criterion will be provided to you free of charge upon request.

C. Do I have the right to appeal a denied claim?

Yes, you have the right to an internal appeal and, if applicable, an external review to an independent review organization. Internal appeals will be reviewed by the Board of Directors.

D. Do I have to appeal a denied claim before I can go to court?

You will not be allowed to take legal action against the Plan, the Employer, the Administrator, or any other entity to whom administrative or claims processing functions have been delegated unless you exhaust your internal appeal rights. But you do not have to pursue external review in order to preserve your right to file a lawsuit. (In fact, as explained later in this summary, you may be unable to take further legal action if you pursue an external appeal because the external appeal process results in a binding determination.)

E. What are the requirements of my internal appeal?

Your internal appeal must be in writing, must be provided to the Administrator, and must include the following information:

- Your name and address;
- The fact that you are disputing a denial of a claim or the Administrator's act or omission;
- The date of the notice that the Administrator informed you of the denied claim; and
- The reason(s), in clear and concise terms, for disputing the denial of the claim or the Administrator's act or omission.

You should also include any documentation that you have not already provided to the Administrator.

F. Is there a deadline for filing my internal appeal?

Yes. Your internal appeal must be delivered to the Administrator within 180 days after receiving the denial notice or the Administrator's act or omission. If you do not file your internal appeal

within this 180-day period, you lose your right to appeal. Your internal appeal will be heard and decided by the Committee.

G. How will my internal appeal be reviewed?

Any time before the internal appeal deadline, you may submit copies of all relevant documents, records, written comments, testimony, and other information to the Board of Directors. The HRA Plan is required to provide you with reasonable access to and copies of all documents, records, and other information related to the claim. When reviewing your internal appeal, the Board of Directors will take into account all relevant documents, records, comments, and other information that you have provided with regard to the claim, regardless of whether or not such information was submitted or considered in the initial determination.

If the Board of Directors receives new or additional evidence that it considered, relied upon, or generated in connection with the claim, other than evidence that you have provided to it, you will be provided with this information and given a reasonable opportunity to respond to the evidence before the due date for the Board of Directors' notice of final internal adverse benefit determination. Similarly, if the Board of Directors identifies a new or additional reason for denying your claim, that new or additional reason will be disclosed to you and you will be given a reasonable opportunity to respond to that new rationale before the due date for the Board of Directors' notice of final internal adverse benefit determination.

The internal appeal determination will not afford deference to the initial determination and will be conducted by the Board of Directors, a fiduciary of the HRA Plan who is not: (1) the individual who made the original determination; (2) an individual who is a subordinate of the individual who made the initial determination; or (3) an individual whose terms and conditions of employment are affected by the results of his or her decision.

If the internal appeal determination will be based on the medical judgment of a health care professional retained by the Administrator, the health care professional retained for purposes of the internal appeal will not be an individual who was consulted in connection with the determination that is being appealed or any subordinate of that individual.

H. When will I be notified of the decision on my internal appeal?

The Board of Directors must notify you of the decision on your internal appeal within 60 days after receipt of your request for review.

I. What information is included in the notice of the denial of my internal appeal?

If your internal appeal is denied, the notice that you receive from the Committee will include the following information:

- Information about your claim, including the date of service, health care provider, claim amount, and any diagnosis and treatment code and their corresponding meanings, to the extent such information is available;

- The specific reason for the denial upon review;
- A reference to the specific HRA Plan provision(s) on which the denial is based;
- Any denial code (and its corresponding meaning) that was used in denying the claim;
- A statement providing that you are required to receive, upon request and free of charge, reasonable access to and copies of all documents, records, and other information relevant to your claim for benefits;
- If an internal rule, guideline, protocol, or similar criterion was relied upon in making the review determination, either the specific rule, guideline, or protocol, or a statement that such a rule, guideline, protocol, or similar criterion was relied upon in making the review determination and that a copy of such rule, guideline, protocol, or similar criterion will be provided to you free of charge upon request; and
- A statement of your right to bring an external appeal or a civil action under ERISA §502(a) after exhaustion of internal administrative procedures.

J. Do I have the right to seek a review of a denied claim to an external third party?

You have the right to an external review of the denial of your internal appeal unless the Benefit denial was based on your failure to meet the HRA Plan's eligibility requirements. The Employer will comply with federal requirements for external review of appeals.

L. Is there a deadline for filing my external appeal?

Yes. Your external appeal must be filed with the external reviewer within 4 months of the date you were served with the Administrator's response to your internal appeal request. If you do not file your appeal within this 4-month period, you lose your right to appeal. For example, if you received the internal appeal decision on January 3, 2018, you must appeal the decision by May 3, 2018 (or, if that is not a business day, the next business day thereafter).

M. When will I be notified of the decision on my external appeal?

The external reviewer must notify you and the Administrator of its decision on your external appeal within 45 days after its receipt of your request for external review. The external reviewer's decision is binding upon the parties unless other State or Federal law remedies are available. Such remedies may or may not exist. Therefore, unless another legal right exists under your claim, use of the external review process may terminate your right to bring a lawsuit on your claim.

I-14. Who is the Administrator?

The Employer is the Administrator and the named fiduciary for the HRA Plan.

II. Administrative Information

The Administrator administers the HRA Plan and has the discretionary authority to interpret all HRA Plan provisions and to determine all issues arising under the HRA Plan, including issues of eligibility, coverage, and Benefits. The Administrator's failure to enforce any provision of the

HRA Plan shall not affect its right to later enforce that provision or any other provision of the HRA Plan. The Administrator may delegate some of its administrative duties to agents.

Name of Plan: Natomas Basin Conservancy Health Premium Reimbursement Plan

Sponsoring Employer: Natomas Basin Conservancy

Plan Administrator: Natomas Basin Conservancy
2150 River Plaza Dr., Ste. 460
Sacramento, CA 95833

Plan Administrator's Telephone Number: (916) 649-3331

Plan Administrator's Employer Identification Number (EIN): 68-0344388

Plan Number: 502

Plan Year: January 1 through December 31

Agent for Service of Process: Service may be made on the Administrator at the address listed above.

The financial records of the HRA Plan are kept on a Plan Year basis. The Plan Year ends on each December 31.

Type of Plan: The HRA Plan is intended to qualify as an employer-provided medical reimbursement plan under Code §§105 and 106 and the regulations issued thereunder, and as a health reimbursement arrangement as defined under IRS Notice 2002-45.

Type of Administration: The Administrator pays applicable Benefits from the general assets of the Employer.

Funding: The HRA Plan is paid for by the Employer out of the Employer's general assets. There is no trust or other fund from which Benefits are paid.

III. PART III. ERISA Rights

As a Participant in the HRA Plan, you may be entitled to certain rights and protection under the Employee Retirement Income Security Act (ERISA). ERISA provides that all plan participants are entitled to:

- Examine, without charge, at the Administrator's office and at other specified locations (such as worksites and union halls) all plan documents, including insurance contracts, collective bargaining agreements, and copies of all documents filed by the HRA Plan

with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration, such as detailed annual reports;

- Obtain copies of all plan documents and other plan information upon written request to the Administrator (the Administrator may charge a reasonable amount for the copies); and
- Receive a summary of the HRA Plan's annual information report (the Administrator is required by law to furnish each Participant with a copy of this summary annual report).

You are entitled to continue health care coverage under Cal-COBRA for yourself, your Spouse, or your Dependents if there is a loss of coverage under the HRA Plan as a result of a qualifying event. You, your Spouse, or your Dependents may have to pay for such coverage. Review this summary plan description and the documents governing the HRA Plan for the rules governing your Cal-COBRA continuation rights.

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefits plan. The people who operate your HRA Plan, called "fiduciaries" of the HRA Plan, have a duty to do so prudently and in the interest of the HRA Plan Participants and beneficiaries. No one, including your Employer, your union, or any other person, may discriminate against you in any way to prevent you from obtaining a Benefit from the HRA Plan or from exercising your rights under ERISA.

If your claim for a Benefit is ignored or denied in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules. Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the HRA Plan and do not receive them within 30 days, you may file suit in a federal court after exhausting internal administrative procedures. In such a case, the court may require the HRA Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the HRA Plan Administrator. If you have a claim for Benefits that is denied or ignored in whole or in part, and if you have exhausted the claims procedures available to you under the HRA Plan, then you may file suit in state or federal court after exhausting internal administrative procedures. In addition, if you disagree with the HRA Plan's decision or lack thereof regarding the qualified status of a medical child support order, you may file suit in federal court after exhausting internal administrative procedures.

If it should happen that plan fiduciaries misuse the HRA Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees (for example, if it finds that your claim is frivolous).

If you have any questions about the HRA Plan, you should contact the HRA Plan Administrator. If you have any questions about this part of the Summary Plan Description or about your rights under ERISA, or if you need assistance in obtaining documents from the HRA Plan

Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

IV. Definitions

In this document, the following terms, when capitalized, shall have the following meanings unless a different meaning is clearly required by the context.

- *Administrator*. The Employer.
- *Benefits*. The reimbursement benefits for Medicare and Medigap premium expenses described in the HRA Plan.
- *Board of Directors*. The Board of Directors of Natomas Basin Conservancy.
- *Cal-COBRA*. Section 1366.20 et. seq. of the California Health and Safety Code (the "California Continuation Benefits Replacement Act").
- *Code*. The Internal Revenue Code of 1986, as amended.
- *ERISA*. The Employee Retirement Income Security Act of 1974, as amended.
- *HRA Account*. The recordkeeping account established in your name by the Employer on the basis of which your eligible Medicare and Medigap premium expenses will be paid or reimbursed.
- *Participan*t. An eligible Employee who has become and not ceased to be a Participant in the Plan.
- *Plan Year*. The 12-month period ending on December 31.
- *Spouse*. An individual who is treated as a spouse for federal tax purposes.