

**Port of Houston Authority  
Restated Retirement Plan  
Summary Plan Description**

## Table of Contents

	<u>Page</u>
<b>1. General Information</b>	<b>1</b>
Name of Plan.....	1
Effective Date.....	1
Type of Plan .....	1
Source of Contributions.....	1
Plan Sponsor.....	1
Plan Administrator.....	1
Employer and Plan Identification Numbers .....	1
Plan Year .....	1
Type of Administration.....	1
Trustee .....	1
<b>2. Participation in the Plan</b>	<b>2</b>
<b>3. Pension Benefits Upon Retirement</b>	<b>2</b>
Normal Retirement .....	2
Early Retirement.....	2
Late Retirement (Retirement After Normal Retirement Date).....	3
Disability Retirement .....	3
Deferred Pension Upon Termination of Employment .....	4
Window Program.....	4
The “Window Benefit” .....	4
<b>4. Survivor Benefits in the Event of Your Death</b>	<b>4</b>
Standard Death Benefit (QPSA).....	4
Enhanced Death Benefit (Enhanced QPSA) .....	5
Survivor Benefit.....	5
<b>5. Monthly Pension Benefit Options</b>	<b>5</b>
<b>6. Social Security Benefits</b>	<b>7</b>
Retirement Benefits.....	7
Disability Benefits.....	7
Death Benefits.....	8
<b>7. Additional Information</b>	<b>8</b>
General Limitations .....	8
Duties of the Plan Administrator .....	8
Claims Procedures.....	8
Lost Participants or Beneficiaries .....	9
Termination of the Plan .....	9
Nontransferability of Benefits .....	10
Your Privileges under the Plan.....	10

<b>8. Glossary</b>	<b>10</b>
Accrued Benefit .....	10
Actuarial Equivalent.....	10
Annuity Starting Date .....	11
Applicable Interest Rate .....	11
Average Monthly Compensation .....	11
Beneficiary .....	11
Break in Service .....	11
Code.....	11
Compensation .....	11
Compensation Period.....	11
Disabled Participant .....	11
Early Retirement Benefit .....	12
Early Retirement Date .....	12
Employee .....	12
Eligible Employee.....	12
Eligible Retirement Plan .....	12
Eligible Rollover Distribution.....	12
Employer .....	12
ERISA .....	12
Expected Normal Retirement Benefit .....	13
Freeze Date.....	13
Hours of Service.....	13
Late Retirement Benefit.....	13
Late Retirement Date .....	13
Leased Employee.....	13
Limitation Year .....	13
Normal Retirement Age.....	13
Normal Retirement Benefit .....	13
Normal Retirement Date.....	14
Normal Benefit Form .....	14
One-year Break-in-Service .....	14
Participant .....	14
Plan .....	14
Plan Administrator .....	14
Plan Year .....	14
Qualified Joint and Survivor Annuity (“QJSA”) .....	14
Qualified Life Annuity .....	14
Qualified Pre-Retirement Survivor Annuity (“QPSA”) .....	14
Recipient Employer .....	14
Related Employer.....	14
Required Beginning Date .....	15
Rule of 85.....	15
Surviving Spouse .....	15
Trustee .....	15
Vested Percentage.....	15

Year of Benefit Service.....	15
Year of Eligibility Service.....	15
Year of Service.....	16
Year of Vesting Service.....	16

## Introduction

This is your Summary Plan Description (“SPD”).

The SPD summarizes the provisions of the Port of Houston Authority Restated Retirement Plan (the “**Plan**”) which were in effect as of January 1, 2013. A defined benefit pension plan, such as the Plan, is a complex legal arrangement. This SPD is intended to assist you in understanding your benefits provided by the Plan.

This SPD booklet is a summary of the legal and official Plan document. Although we have tried to explain the Plan in clear and correct terms, if anything in this SPD disagrees with the official Plan document, the official Plan document will control and govern. To the extent not preempted by federal law, the Plan and SPD are governed by the laws of the State of Texas and are to be construed in a manner that complies with the requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended (the “**Code**”).

If you wish to examine the official Plan document or other Plan forms, you may contact the Plan Administrator and arrange to see a copy during business hours. If you desire, a copy of any of these documents will be sent to you if you send a written request to the Plan Administrator and agree to pay a reasonable copying charge.

You are encouraged to see the Plan Administrator about any questions you may have about the Plan or your retirement in general. The Plan Administrator will help you find the answers to your questions.

The Plan benefits are provided solely from contributions made by the Port of Houston Authority. You are not required or permitted to make any contributions. All contributions are paid into Plan’s trust fund which must be used for the exclusive benefit of the Participants in the Plan. These contributions, together with investment earnings, are used to finance your Plan benefits.

You should read this SPD booklet carefully because it describes the lifetime retirement benefits offered by the Plan. Your spouse should also read it because, in benefiting you, the Plan also benefits your family. If you have difficulty understanding any part of this booklet, or if you would like more information, please contact the Human Resources Manager.

Some special words are used throughout this booklet; they are capitalized each time they are used. You will need to know the meaning of these words to understand the Plan. Each of these words has been defined in a Glossary which is the last section of this SPD booklet.

It is the Port of Houston Authority's hope that the Plan will provide an added feeling of security for the future for you and your family. The success of the Plan depends on the continued success of the Port of Houston Authority and our mutual success depends on each of you. By working together, there is added assurance of future income both before and after your retirement.

## 1. General Information

<b>Name of Plan</b>	The name of the Plan is the Port of Houston Authority Restated Retirement Plan.
<b>Effective Date</b>	The original Effective Date of the Plan was April 3, 1958. The Plan was last restated effective as of August 1, 2011. The Plan was closed to new participants as of the Freeze Date ( <i>i.e.</i> , August 1, 2012).
<b>Type of Plan</b>	The Plan is a defined benefit pension plan. It is a governmental plan that is <b>not</b> subject to the federal Employee Retirement Income Security Act of 1974 (“ <b>ERISA</b> ”).
<b>Source of Contributions</b>	All contributions to the Plan are made by the Employer.
<b>Plan Sponsor</b>	The Plan is sponsored and maintained by:  Port of Houston Authority of Harris County, Texas Post Office Box 2562 Houston, Texas 77252-2562 (713) 670-2478
<b>Plan Administrator</b>	The Plan Administrator is:  Port Commission of the Port of Houston Authority of Harris County, Texas Post Office Box 2562 Houston, Texas 77252-2562 (713) 670-2492
<b>Employer and Plan Identification Numbers</b>	Employer Identification Number: 74-6001217  Plan Identification Number: 001
<b>Plan Year</b>	The Plan Year is the 12-month period used for maintaining the financial records for the Plan. The Plan Year begins on each August 1 and ends on each July 31.
<b>Type of Administration</b>	Trust Fund
<b>Trustee</b>	Compass Bank 2001 Kirby Drive, Suite 313 Houston, TX 77019

## 2. Participation in the Plan

You are covered by the Plan if you are an Eligible Employee of the Port of Houston Authority of Harris County, Texas (the “**Employer**”).

An Eligible Employee means any Employee who was hired before the Freeze Date and who otherwise satisfies the definition of Eligible Employee.

You will not be an Eligible Employee, and thus you will not be covered by the Plan, if you are classified in the Employer’s records as (i) a Leased Employee, (ii) an independent contractor, or (iii) a casual employee. You will also not be an Eligible Employee, and thus you will not be covered by the Plan, if your employment is governed by a collective bargaining agreement (unless the collective bargaining agreement specifically provides for your coverage under the Plan). Leased Employees and independent contractors, as well as any other individuals who are not classified as common law employees of the Employer on its payroll records, are not eligible to participate in the Plan, regardless of whether they are classified as “employees” by the Employer or a governmental authority, including any such retroactive classification. If you have any questions regarding your employment status and your right to be covered by the Plan, please contact the Plan Administrator. Note: You will not be an Eligible Employee if you were hired or rehired on or after the Freeze Date, or you were not an Eligible Employee at any time after the Freeze Date.

## 3. Pension Benefits Upon Retirement

### **Normal Retirement**

You are eligible to receive a Normal Retirement Benefit if you retire on your Normal Retirement Date. Your Normal Retirement Date is the first day of the first month coincident with or next following your attainment of age 65.

(a) Normal Retirement Benefit

Your Normal Retirement Benefit is a monthly pension benefit beginning on your Normal Retirement Date that is payable in the Normal Benefit Form in an amount equal to:

2.3% of your Average Monthly Compensation multiplied by your Years of Benefit Service, not to exceed 30.435 years.

(b) Normal Benefit Form

Lifetime Pension, 5 Years Certain

### **Early Retirement**

You may be eligible to receive an Early Retirement Benefit if you retire before your Normal Retirement Date. Your Early Retirement Date will be the first day of the month so elected by you which coincides with or next follows:

(a) Completion of thirty (30) or more Years of Vesting Service; or

(b) Attainment of age sixty-two (62); or

- (c) Effective August 1, 1982, the day the sum of your age and Years of Vesting Service equals eighty-five (85) or more, provided that you have attained age fifty-five (55) or more (Rule of 85).

Monthly pension benefit payments may start on the first day of the month next following:

- The date on which you satisfy the eligibility requirements for an Early Retirement Benefit; or
- The first day of any month following the date on which you satisfy the eligibility requirements for an Early Retirement Benefit, but not later than your Normal Retirement Date.

If the payment of your monthly pension benefit begins prior to your Normal Retirement Date, the amount of your monthly pension benefit will be equal to your Accrued Benefit, which is calculated as of the date upon which you ceased to be an Employee, as reduced (on an Actuarial Equivalent basis) to take into account your younger age and the earlier start date of your monthly pension benefit payments. This reduction reflects the expectation that you will receive benefit payments for a longer period of time than if your monthly pension benefit payments start at your Normal Retirement Date. However, if you satisfy the Rule of 85 (described above) your pension will not be reduced.

### **Late Retirement (Retirement After Normal Retirement Date)**

If you work beyond your Normal Retirement Date, your monthly pension benefit will not begin until the earlier of the first day of the month next following the day which you actually retire or your Required Beginning Date.

Your monthly pension benefit will be equal to an amount which is the greater of (1) or (2) below:

- (1) A Late Retirement Benefit based on the Normal Retirement Benefit formula using your Years of Benefit Service and Compensation through your Late Retirement Date, reduced (but not below zero) by the Actuarial Equivalent of any earlier benefit payments; or
- (2) A Late Retirement Benefit which equals the sum of (a) and (b), where (a) is the Actuarial Equivalent of your Accrued Benefit calculated as if you had retired on your Normal Retirement Date increased at the Applicable Interest Rate from your Normal Retirement Date to your actual retirement date, and (b) is 2.3% of your Average Monthly Compensation multiplied by the difference between Years of Benefit Service determined at your actual retirement date and Years of Benefit Service determined at your Normal Retirement Date.

### **Disability Retirement**

If you are an active Participant in the Plan, you will be eligible for a monthly disability pension benefit from the Plan if you suffer a permanent disability as a result of your bodily injury or disease following your completion of five Years of Vesting Service.

If you are eligible to receive a disability pension benefit, your monthly disability pension benefit will be equal to the Normal Retirement Benefit to which you would have been entitled if you had continued to be an Eligible Employee until your Normal Retirement Date. Such benefit will be calculated on the basis of no future change in your Compensation as of your date of termination of employment due to permanent disability, and will begin on the first day of the month next following the later of your Normal Retirement Date or the date you stopped receiving payments under the long-term disability plan.

You will be considered permanently disabled if you become eligible for disability benefits under the current insurance plan and the U.S. Social Security Administration if:



- (a) You are prevented from performing any substantial gainful activity;
- (b) Such disability is likely to be both continuous and permanent; and
- (c) Such disability is not the result of injury or disease sustained by you subsequent to the date on which your employment terminated.

You may be required to furnish satisfactory proof of your disability on a periodic basis to the insurance company.

### **Deferred Pension Upon Termination of Employment**

In the event that your employment ends for any reason other than for retirement, disability or death, you will be eligible to receive a monthly pension benefit from the Plan when you reach your (a) Normal Retirement Date or (b) Early Retirement Date if you are credited with at least five Years of Vesting Service.

The amount of your deferred monthly pension benefit will be equal to your vested Accrued Benefit, calculated as of the date of your separation from employment. If the payment of your monthly pension benefit begins prior to your Normal Retirement Date, the amount of your monthly pension benefit will be reduced (on an Actuarial Equivalent basis) to take into account your younger age and the earlier start date of your monthly pension benefit payments.

### **Window Program**

You are eligible to participate in the Window Program under the Plan if (1) you were at least age 55 and had earned at least a 15-year Period of Service by December 31, 2012; (2) you received a notice no earlier than November 1, 2012; and (3) you made an election to accept the Window Benefit no later than 5:00 p.m. Central Time on the later of (a) December 28, 2012, or (b) the forty-fifth (45th) day after you received the notice.

To receive the Window Benefit, you must have terminated employment with the Employer on or before the later of December 31, 2012, or the forty-fifth (45th) day from the date you received the notice.

### **The “Window Benefit”**

Up to five years of service will be added to your credited Periods of Service under the Plan both for purposes of calculating your Accrued Benefit and determining your eligibility for Early Retirement and eligibility to receive a non-actuarially reduced Early Retirement benefit. If you are eligible for a Window Benefit, you will receive the following benefits for purposes of (1) determining your eligibility for an Early Retirement Benefit and a non-actuarially reduced Early Retirement Benefit, and (2) calculating your Accrued Benefit: five years added to your Periods of Service up to a maximum total of 30.435 years for all aggregated Periods of Service, and five years added to your age up to a maximum age of 65.

## **4. Survivor Benefits in the Event of Your Death**

If you die before your benefit payments begin, your Surviving Spouse will be entitled to receive a Qualified Pre-Retirement Survivor Annuity (“QPSA”).

### **Standard Death Benefit (QPSA)**

If you are vested in your Accrued Benefit, die before your benefit payments begin and your death occurs after you have terminated service or before you complete 15 Years of Vesting Service at your death, you are entitled to the standard QPSA.

*You Were Eligible for a Retirement Benefit at Death.* If you satisfy the requirements for an Early, Normal, or Late Retirement Benefit, your Surviving Spouse, if any, will be entitled to receive a QPSA equal to the survivor portion of the Qualified Joint and Survivor Annuity (“**QJSA**”) calculated as if you had elected to retire on the date preceding your death and to receive retirement benefits in the form of a QJSA.

*You Were Not Eligible for a Retirement Benefit at Death.* If you do not satisfy the requirements for an Early, Normal, or Late Retirement Benefit at the time of your death, your Surviving Spouse will be entitled to a QPSA, but payments will be deferred until at least your Early Retirement Date. The QPSA will be calculated as if you had separated from service on the earlier of your date of death or your actual separation from service, survived to the earliest permissible Early Retirement Date, elected to retire as of that date and receive benefits in the form of a QJSA, and then died on the date after the earliest permissible Early Retirement Date.

In either case, if you die before your Normal Retirement Date, your Surviving Spouse may elect to defer payment of the QPSA to a later date (but not later than your Normal Retirement Date), in which case the benefit will be actuarially increased to reflect the delayed payment. If your Surviving Spouse does not survive until such later date, the QPSA will be forfeited. If the lump sum value of the QPSA is less than \$5,000, then your Surviving Spouse will receive an immediate distribution of the full value of the QPSA rather than the monthly payments.

### **Enhanced Death Benefit (Enhanced QPSA)**

If you are vested in your Accrued Benefit, die before your benefit payments begin, and your death occurs while you are employed by the Employer and following your completion of 15 Years of Vesting Service, the QPSA payable to your Surviving Spouse will be equal to 50% of your Accrued Benefit determined as of your date of death. The actual payments to your Surviving Spouse will be actuarially reduced if your Surviving Spouse is more than 10 years younger than you. In the event you are a Disabled Participant at your death, the provisions of this paragraph will be applied as if you, the Disabled Participant, were employed by the Employer during your period of disability. Payment of the monthly death benefit to your Surviving Spouse may begin on the first day of the month following your death. In no event will the Enhanced QPSA be less than the Standard QPSA.

### **Survivor Benefit**

If you die after your monthly pension benefits have begun to be paid, the death benefit will be dependent on the form of monthly pension benefits you elected to receive at the time the benefits began to be paid.

## **5. Monthly Pension Benefit Options**

The first step in determining the amount of your monthly pension benefit, no matter what option you choose, is to calculate your Accrued Benefit. Your Accrued Benefit represents the amount of your expected Normal Retirement Benefit that you have earned or "accrued" as of any given date.

Based on that calculation of your Accrued Benefit, the actuarially equivalent monthly pension benefit payable under any optional form of pension benefit can be determined by multiplying your monthly pension benefit under the Normal Benefit Form by a factor that takes into account your remaining life expectancy and that of your spouse or other beneficiary, if applicable. This Actuarial Equivalent adjustment makes the total value of your monthly pension an equivalent amount at the time payments start, regardless of which particular form of benefit you may choose. The longer the time period over which your monthly pension is likely to be paid, the smaller the monthly amount will be for each monthly payment.

You should notify the Plan Administrator of your impending retirement as far in advance as possible of your expected date of retirement. A written request should be submitted at least two months in advance of the

first month for which pension benefit payments are to begin. For example, if you wish your pension to start on November 1st, your written request should be mailed or delivered to the Plan Administrator before September 1st.

Not less than 30 days and not more than 90 days before your benefit payments are to begin, the Plan Administrator will furnish you with a form to select the form of your pension benefit payments. This application will provide you with both an explanation and the exact dollar amount of each optional form of benefit payment. The optional forms of benefit payment from which you may select are described below.

If you are not married on the Annuity Starting Date, your benefit will automatically be distributed in the form of a Qualified Life Annuity, unless you elect a different form of benefit payment. A Qualified Life Annuity is the actuarial equivalent of the Normal Form of Benefit (*i.e.*, the Lifetime Pension, 5 Years Certain) and is payable for your lifetime with payments terminating on your death.

If you are married on the Annuity Starting Date, your benefit will automatically be distributed in the form of a QJSA, unless a different form of benefit payment is elected. A QJSA will pay a monthly benefit for your lifetime, and after your death, 50% of that amount will be paid to your Surviving Spouse for his or her lifetime. The QJSA will be the actuarial equivalent of the Lifetime Pension, 5 Years Certain.

If you are married and elect to receive your benefit in a form other than a joint and survivor annuity with your spouse as the joint annuitant, you must obtain the consent of your spouse. For your spouse's consent to be valid, it must be in writing and notarized or witnessed by a Plan representative. The consent must acknowledge the specific form of payment elected, the person who is designated as the primary beneficiary, and the effect of such consent that the surviving spouse will not receive the death benefit. The consent will not be required if you establish to the satisfaction of the Plan Administrator that written consent cannot be obtained because there is no spouse, the spouse cannot be located, or other circumstances prescribed by Treasury Regulation Section 1.401(a)-20 Q&A 27. Any consent necessary under this provision will be valid only with respect to the spouse who signs the consent.

The Plan Administrator and the Insurer may rely conclusively on your written statement of your marital status.

Neither the Plan Administrator nor the Insurer is required at any time to inquire into the validity of any marriage, the effectiveness of a common-law relationship, or the claim of any alleged spouse that is inconsistent with your report of your marital status and the identity of your spouse.

If you wish to waive the Qualified Life Annuity or the QJSA, as applicable, you have several options of payment of your retirement benefit.

- Lifetime Pension, 5 Years Certain – monthly pension benefit payable for your lifetime with payments guaranteed for a minimum of 5 years.
- Lifetime Pension, 10 Years Certain -- monthly pension benefit payable for your lifetime with payments guaranteed for a minimum of 10 years.
- Lifetime Pension, 15 Years Certain -- monthly pension benefit payable for your lifetime with payments guaranteed for a minimum of 15 years.
- Lifetime Pension, 20 Years Certain -- monthly pension benefit payable for your lifetime with payments guaranteed for a minimum of 20 years.
- Joint & 50% Survivor Annuity -- monthly pension benefit payable during the joint lifetimes of you and your spouse; reduces to 50% of the original amount upon the first death.

- Joint & 75% Survivor Annuity -- monthly pension benefit payable during the joint lifetimes of you and your spouse; reduces to 75% of the original amount upon the first death.
- Joint & 100% Survivor Annuity – equal monthly pension benefit payable for as long as either you or your spouse is alive.

If you have terminated employment, and the present value of your vested Accrued Benefit exceeds \$1,000 but does not exceed \$5,000, you can elect to receive an immediate distribution of the present value of your vested Accrued Benefit. You may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of such distribution paid directly to an Eligible Retirement Plan in an Eligible Rollover Distribution, or you may elect to receive your vested Accrued Benefit in the form of a taxable lump sum distribution subject to tax withholding.

If you have terminated employment, and the present value your benefit does not exceed \$1,000, and you do not elect a direct rollover form of distribution within 90 days after receipt of the notice that such benefits are distributable, the Plan Administrator will automatically distribute your vested Accrued Benefit in a taxable lump sum distribution.

## **6. Social Security Benefits**

Benefits you may receive from the Social Security Administration will be paid to you in addition to any benefits you may receive from this Plan. Social Security benefits may be payable in the event of your death or disability as well as your retirement.

### **Retirement Benefits**

You may be eligible for Social Security monthly income benefits when you reach your Social Security Normal Retirement Age. When your spouse reaches his or her Social Security Normal Retirement Age, he or she may be eligible for a benefit equal to one-half of your benefits, or if greater, a benefit based on his or her own work record.

Social Security retirement benefits are payable as early as age 62 but in a permanently reduced amount.

Your Social Security Normal Retirement Age depends upon your year of birth and can be determined from the following table that is based on current law which is subject to change in the future:

<u>If You Were Born in</u>	<u>Your Age for Full Benefits is</u>	<u>If You Were Born in</u>	<u>Your Age for Full Benefits is</u>
Before 1938	65 yrs.	1955	66 yrs., 2 mos.
1938	65 yrs, 2 mos.	1956	66 yrs., 4 mos.
1939	65 yrs., 4 mos.	1957	66 yrs.,6 mos.
1940	65 yrs., 6 mos.	1958	66 yrs., 8 mos.
1941	65 yrs., 8 mos.	1959	66 yrs., 10 mos.
1942	65 yrs., 10 mos.	After 1959	67 yrs.
1943-1954	66 yrs.		

### **Disability Benefits**

If you become disabled, you and your family may be eligible for Social Security disability benefits. These benefits become payable after you have been totally disabled for five full calendar months. Your dependent

spouse is eligible for additional benefits from Social Security if he or she is at least age 62 or is caring for a child eligible for children's Social Security benefits. Additional children's Social Security benefits are payable if you have dependent children under age 18.

### **Death Benefits**

Your family may be eligible for Social Security benefits after your death. If you die leaving dependent children, family benefits may be payable until your children reach age 18. After your children reach age 18, your spouse may be eligible for Social Security benefits again at age 62.

Note: Your local Social Security Administration office is available to assist you and your family members with any questions regarding your Social Security benefits.

## **7. Additional Information**

### **General Limitations**

This Plan should not be considered an employment contract between you and the Employer. It does not guarantee you the right to be continued in the Employer's employment, nor does it limit the Employer's right to discharge any Employee.

Upon termination of employment, no Employee will have the right to, or interest in, any of the Plan's assets, except the benefit for which he or she is entitled under the terms of the Plan.

### **Duties of the Plan Administrator**

The Plan Administrator is responsible for administering the Plan. The Plan Administrator is responsible for keeping Employee records, informing the members of all material changes or amendments to the Plan, maintaining the Plan in conformity with applicable laws and regulations, and making available to all participants reports and documents as prescribed by law. The Plan Administrator has the exclusive and final discretion to interpret, construe and construct the terms and provisions of the Plan (including, without limitation, correcting any defect, reconciling any inconsistency, and supplying any omission), and to decide all questions that arise in connection with its administration including, without limitation, factual determinations.

All decisions of the Plan Administrator in matters properly coming before it and all actions taken by the Plan Administrator in the proper exercise of its administrative powers, duties and responsibilities: (i) will be final and binding upon all Employees, Participants and Beneficiaries and upon any other person having or claiming any rights or interest in the Plan; (ii) will be given deference in all courts of law, to the greatest extent allowed by applicable law, and (iii) will not be overturned or set aside by any court of law unless the court finds that the Plan Administrator abused its discretion in making such determination or rendering such interpretation. The Plan Administrator will be entitled to rely on information duly furnished by any Employee, Participant, Beneficiary, Employer or the Trustee.

If you wish to take legal action against the Plan, you may have legal process served on the Plan Administrator.

### **Claims Procedures**

When a benefit is due under the Plan, a claim should be submitted to the Plan Administrator, on a form provided for such purpose.

If the claim is denied, you will receive a written explanation stating the reasons for the denial and relevant Plan provisions on which the decision was based. This explanation or, if an extension is necessary, written

notification of the extension, will be furnished within 60 days. In any event, you will receive a written explanation of the decision within 120 days after submitting your claim.

If your claim is denied, or if no action is taken on the claim within the required time period (in which case your claim is automatically deemed to be denied), you are entitled to a review of your claim. You, or your authorized representative, should file a written request for a review with the Plan Administrator. This must be done no later than 60 days after the claim has been denied, or within 120 days after the claim was originally submitted if you do not receive a response to your initial claim. As a part of the review process, you or your representative may review pertinent documents and submit written comments supporting your claim.

The Plan Administrator will notify you in writing of its final decision, citing pertinent Plan provisions on which its decision was based. This will normally be done within 60 days after receiving your request for review. However, in special cases, this period may be extended up to an additional 60 days if written notice of the extension is provided during the initial 60 day period.

In any case where an extension of time for a decision upon a claim is required because of special circumstances, you will be provided with written notice of the extension which will indicate the special circumstances and the date by which the decision is expected to be made.

You must follow the claims procedures described in this SPD and exhaust all remedies available in this SPD, before you may take action in any other forum regarding a claim for benefits under the Plan. Any suit or other legal action that you initiate under the Plan, at law or in equity, must be brought no later than twelve months following a final decision on the claim for benefits by the Committee (including the decision on any appeal of the claim). This 12-month statute of limitations on suits for benefits will apply in any jurisdiction or forum in which you may initiate a suit or other legal action. Any such suit or other legal action must be brought in a state district court in Harris County, Texas, or in the federal District Court for the Southern District of Texas.

### **Lost Participants or Beneficiaries**

If a Participant or Beneficiary is entitled to a distribution from the Plan, such person is responsible for providing the Plan Administrator with his current address. If a Participant or Beneficiary fails to claim his benefits under the Plan within one year after receiving notice that he is entitled to such benefits, the benefits will be forfeited under the Plan. If the Participant or Beneficiary is subsequently located, such benefit will be restored under the Plan.

### **Termination of the Plan**

Although the Port of Houston Authority intends to continue the Plan indefinitely, it realizes that circumstances not now foreseen or circumstances beyond its control may make it either impossible or inadvisable to continue to make its contributions to the Plan. Therefore, the Port of Houston Authority reserves the absolute and unilateral right and authority to terminate the Plan at any time. If the Plan is terminated, your Vested Percentage will be 100% as of the date of termination.

Benefits under this Plan are not insured by the Pension Benefit Guaranty Corporation if the Plan terminates.

Upon termination of the Plan, the assets of the Plan will be liquidated and allocated in the following manner:

- First, to those participants who have been receiving benefit payments for at least three years before the Plan termination date, including those participants who could have been receiving payments for at least three years but chose to defer their retirement past Early or Normal Retirement Date, based on Plan provisions as in effect five years before date of termination.

- Second, to all Accrued Benefits which were vested immediately prior to the Plan termination.
- Third, to all other Accrued Benefits under the Plan.

### **Nontransferability of Benefits**

Generally, your Accrued Benefit under the Plan cannot be assigned, transferred or alienated before distribution from the Plan; that is, sold, used as collateral for a loan, given away or otherwise transferred. Also, your creditors cannot attach, garnish or otherwise interfere with your benefits under the Plan.

However, the Plan will be required by law to recognize a domestic relations order, if the domestic relations order is determined to satisfy the requirements for a qualified domestic relations order under the Code (“**QDRO**”). A QDRO assigns a portion, or all, of your benefits under the Plan to an alternate payee in recognition of the alternate payee’s marital property rights, or as a result of court-ordered child support or alimony, such as, for example, incident to a divorce. You may request a copy of the Plan’s QDRO Policies and Procedures.

### **Your Privileges under the Plan**

As a Participant, you are entitled to certain privileges under the Plan including the rights to:

- Examine, without charge, at the office of the Plan Administrator all plan documents.
- Obtain copies of all Plan documents upon written request to the Plan Administrator. The Plan Administrator may make a reasonable charge for the copies.

If you have any questions, please contact the Plan Administrator.

## **8. Glossary**

### **Accrued Benefit**

Your Accrued Benefit represents the amount of your expected Normal Retirement Benefit that you have earned or "accrued" as of any given date. The first step in determining your Accrued Benefit is to calculate the amount of your expected Normal Retirement Benefit, assuming that you continue to participate in the Plan at your current level of Average Monthly Compensation.

The next step is to multiply the expected Normal Retirement Benefit by a fraction of (a) over (b), where (a) is equal to the Years of Benefit Service that you have completed as of the date of determination and (b) is equal to the Years of Benefit Service that you would complete if you were to continue participation in the Plan until your Normal Retirement Date.

The annual benefit that you receive cannot exceed the Defined Benefit limit under the Code. In general, the Defined Benefit limit for 2013 is \$205,000. The Defined Benefit limit is indexed for inflation under the Code. The Defined Benefit limit is less if your retirement age precedes age 62.

### **Actuarial Equivalent**

Actuarial Equivalent means a form of benefit differing in time, period and/or manner of payment from another form of benefit, but having the same value when computed based upon the following interest and mortality assumptions:

- Interest: 6% per annum, compounded annually.
- Mortality: “applicable mortality table” (as specified in Revenue Ruling 95-6 or any subsequent pronouncement by the Secretary of the Treasury).

### **Annuity Starting Date**

Annuity Starting Date means (i) the first day of the first period for which an amount is payable as an annuity or (ii) in the case of a benefit not payable in the form of an annuity, the first day as of which all events have occurred that entitle you, (or, in the event of a QPSA, your Beneficiary) to the benefit.

### **Applicable Interest Rate**

The Interest Rate prescribed under Code Section 417(e) as determined under the terms of the Plan.

### **Average Monthly Compensation**

Your Average Monthly Compensation, as of a given date, is determined by dividing the Compensation that you received during the 5 consecutive Compensation Periods (during the last 10 years of employment) for which your Compensation was highest by the number of months during such period for which you received Compensation.

All fractional Compensation Periods are taken into account.

### **Beneficiary**

Beneficiary means the person, persons, trust or other entity who is designated to receive any amount payable upon your death if you die before your entire Accrued Benefit has been distributed.

### **Break in Service**

For purposes of eligibility, a Break in Service means a one-year period during which you complete 500 or fewer Hours of Service. The one-year period is a 12-consecutive month period beginning with your employment start date and each anniversary thereof.

For purposes of benefit accruals and vesting, a Break in Service means a 365-day period following an Employee's date of termination in which the Employee does not complete at least one Hour of Service.

### **Code**

Code means the Internal Revenue Code of 1986, as amended, and the regulations and other authority issued thereunder.

### **Compensation**

Compensation means the total amount of your earnings, excluding overtime and bonuses as set forth in the Plan document. In the case of an hourly Employee, Compensation as of any date is based on the straight time rate per hour assuming that the Employee works 2080 hours per year. The maximum amount of Compensation that can be considered for purposes of calculating your Accrued Benefit is limited by Code Section 401(a)(17), as this limit is adjusted for inflation under the Code. The limit for 2013 is \$255,000.

Compensation also includes any amounts which are treated as salary reduction contributions under a 401(k) plan, a cafeteria plan, or a flexible compensation plan. Elective amounts that are not included in your Compensation due to Code Section 132(f)(4) (*i.e.*, qualified transportation benefits) are included in Compensation under the Plan.

### **Compensation Period**

Compensation Period means 12-month periods which ends on the date of your separation from service.

### **Disabled Participant**

You will be considered permanently disabled if, in the opinion of the Plan Administrator, (1) you are prevented from performing the usual duties of your employment or any other employment for which you are



reasonably suited as a result of your education, training and experience, (2) such disability is likely to be both continuous and permanent, (3) such disability occurs prior to your Normal Retirement Date, and (4) such disability is not the result of injury or disease you sustain subsequent to the date your employment has terminated.

### **Early Retirement Benefit**

Early Retirement Benefit means a benefit that is the actuarial equivalent of your Accrued Benefit determined as of your Early Retirement Date starting on the first day of the month next following your Early Retirement Date.

### **Early Retirement Date**

Your Early Retirement Date is the date before your Normal Retirement Date on which you elect to start receiving monthly pension benefits. You may select an Early Retirement Date as of the first day of the month which coincides with or next follows: (1) completion of thirty (30) or more Years of Vesting Service, (2) attainment of age 62, or (3) the day the sum of your age and Years of Vesting Service equals eighty-five (85) or more, provided you have attained age fifty-five (55) or more.

### **Employee**

Employee means a common law employee of the Employer as designated on the Employer's payroll records and who receives an IRS Form W-2 (or its successor form) from the Employer.

### **Eligible Employee**

Eligible Employee means an Employee who is eligible to participate in the Plan, as provided in Section 2.

### **Eligible Retirement Plan**

An Eligible Retirement Plan, for purposes of electing a direct rollover form of benefit means (i) a Roth IRA (provided for distributions before January 1, 2010, your adjusted gross income for the taxable year of the distribution does not exceed \$100,000 and you are not married filing a separate income tax return), (ii) a traditional IRA, or (iii) an eligible employer plan that accepts rollovers. An "eligible employer plan" includes a plan qualified under Code § 401(a), including a 401(k) plan, profit sharing plan, defined benefit plan, stock bonus plan (including an ESOP) or money purchase plan; a Code § 403(a) annuity plan; a Code § 403(b) plan; and an eligible Code § 457(b) plan maintained by a governmental employer (governmental 457 plan).

### **Eligible Rollover Distribution**

An Eligible Rollover Distribution means any distribution to an Employee of all or any portion of the balance to the credit of the Employee in a qualified trust, except that an Eligible Rollover Distribution does not include any distribution (i) that is one of a series of substantially equal periodic payments (not less frequently than annually) made (a) for the life (or life expectancy) of the Employee or the joint lives (or joint life expectancy) of the Employee and the Employee's designated beneficiary or (b) for a period of 10 years or more; (ii) any distribution that is a required minimum distribution under Code Section 401(a)(9); or (iii) any distribution that is made upon the hardship of an Employee.

### **Employer**

Employer means the Port of Houston Authority of Harris County, Texas.

### **ERISA**

ERISA means the Employee Retirement Income Security Act of 1974, as amended.

## **Expected Normal Retirement Benefit**

Your Expected Normal Retirement Benefit as of a given date is equal to the amount of your monthly pension benefit which is expected to begin at your Normal Retirement Date, as determined on the basis that you continue to be an active participant until your Normal Retirement Date and assuming no future changes in your Compensation.

## **Freeze Date**

Freeze Date means August 1, 2012.

## **Hours of Service**

An Hour of Service means: (a) each hour for which you are paid or entitled to payment for the performance of duties for the Employer, (b) each hour for which you are paid or entitled to payment by the Employer on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, qualified military service or leave of absence, and (c) each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Employer. No more than 501 Hours of Service will be credited for any 12-month period for any period described in clause (b) of this paragraph. The same Hours of Service will not be credited under both clauses (a) or (b) and under clause (c).

Solely for the purpose of determining whether a One-Year Break in Service has occurred, your absence from work on an authorized Leave of Absence or by reason of your pregnancy, birth of your child, placement of a child with you in connection with the adoption of such child, or for the purposes of caring for such child for a period immediately following such birth or placement, you will receive credit for the Hours of Service which would otherwise have been credited to you but for such absence. The Hours of Service credited under this paragraph will be credited in the Plan Year in which the absence begins if such crediting is necessary to prevent a one-year Break in Service; otherwise, such Hours of Service will be credited in the following Plan Year. No more than 501 Hours of Service will be credited under this paragraph for any 12-month period.

## **Late Retirement Benefit**

Late Retirement Benefit means a benefit that is determined as of your Late Retirement Date.

## **Late Retirement Date**

Late Retirement Date means the first day of the month that coincides with or next following (1) the date you retire or resume retirement after your Normal Retirement Date or (2) your Required Beginning Date.

## **Leased Employee**

A Leased Employee means any person who, pursuant to an agreement between the Employer or any Related Employer (“**Recipient Employer**”) and any other person (“leasing organization”) has performed services for the Recipient Employer on a substantially full-time basis for a period of at least one year and such services are performed under the primary direction or control of the Recipient Employer.

## **Limitation Year**

The Limitation Year is the 12-month period beginning August 1 and ending July 31.

## **Normal Retirement Age**

Your Normal Retirement Age is age 65.

## **Normal Retirement Benefit**

Normal Retirement Benefit means the monthly pension benefit starting on your Normal Retirement Date that is payable in the Normal Benefit Form.

**Normal Retirement Date**

Your Normal Retirement Date is the first day of the month that coincides with or next follows the date on which you attain Normal Retirement Age.

**Normal Benefit Form**

The Normal Benefit Form under the Plan is a Lifetime Pension, 5 Years Certain.

**One-year Break-in-Service**

A One-year Break-in-Service occurs in any 365-day period following your date of termination in which you do not complete at least one Hour of Service.

**Participant**

Participant means an Employee or former Employee who participates in the Plan and who is or who may become eligible to receive a benefit under the Plan, or whose Beneficiary may be eligible to receive any such benefit upon death of the covered Employee or former Employee.

**Plan**

Plan means the Port of Houston Authority Restated Retirement Plan, as amended from time to time.

**Plan Administrator**

The Plan Administrator is the person or persons appointed to serve as Plan Administrator by the Employer, as set out in this SPD.

**Plan Year**

The Plan Year is the 12-month period beginning August 1 and ending July 31.

**Qualified Joint and Survivor Annuity (“QJSA”)**

A Qualified Joint and Survivor Annuity means an immediate annuity that is payable for the your life with a survivor annuity for the life of your Surviving Spouse in an amount equal to 50% of the amount payable during the joint lives of you and your spouse. The Qualified Joint and Survivor Annuity will be the actuarial equivalent of the Normal Benefit Form.

**Qualified Life Annuity**

A Qualified Life Annuity means an immediate annuity that is payable for your lifetime with payments terminating upon your death.

**Qualified Pre-Retirement Survivor Annuity (“QPSA”)**

A Qualified Pre-Retirement Survivor Annuity means the monthly benefit payable for the lifetime of your Surviving Spouse, if you die before your Annuity Starting Date.

**Recipient Employer**

Recipient Employer means the Employer or any Related Employer that employs a Leased Employee.

**Related Employer**

Related Employer means any other corporation, association, company or other entity that is, along with the Employer, a member of a controlled group of corporations (as defined in Code Section 414(b)), a group of trades or businesses under common control (as defined in Code Section 414(c)), an affiliated service group (as defined in Code Section 414(m)), or any organization or arrangement required to be aggregated with the Employer by Treasury Regulations issued under Code Section 414(o).

### **Required Beginning Date**

If you attain age 70½ after August 1, 2003, your Required Beginning Date is the later of the April 1 immediately following the calendar year in which you attain age 70½ or the April 1 following the calendar year in which you retire.

If you attain age 70½ prior to August 1, 2003, your Required Beginning Date is the April 1 immediately following the calendar year in which you attain age 70½.

### **Rule of 85**

The day that the sum of your age and Years of Vesting Service equals eighty-five (85) or more, provided you have attained at least age fifty-five (55).

### **Surviving Spouse**

Surviving Spouse means your lawful spouse who was married to you on the earlier of the Annuity Starting Date or your date of death and survives your death.

### **Trustee**

The Trustee is Compass Bank, N.A. or the trustee that is duly appointed and then-acting under any trust agreement executed pursuant to the Plan.

### **Vested Percentage**

Your Vested Percentage will be 100% upon your completion of five Years of Vesting Service, or upon attaining the age of 65, if earlier. Prior to the completion of 5 Years of Vesting Service, your Vested Percentage is 0%.

### **Year of Benefit Service**

The Years of Service for purposes of computing your Normal Retirement Benefit are referred to as Years of Benefit Service and are determined using the elapsed time method. In general, you will be credited with one Year of Benefit Service for each completed 365 days of employment with the Employer, with fractional year credit given for any partial years.

All of your Years of Benefit Service are taken into account in determining your Normal Retirement Benefit, except:

- Service while you were not in an Eligible Employee classification;
- Years of Service prior to August 1, 1979 which were disregarded under the prior Plan;
- Service prior to a One Year Break-in-Service if you were not vested in your Accrued Benefit at the time you incurred a One Year Break-in-Service and the number of One Year Breaks-in-Service you incurred equals or exceeds the greater of five or your Years of Vesting Service earned prior to such Break in Service; and
- Service you earned on and after the Freeze Date if you are eligible to participate in the Port of Houston Authority Defined Contribution Plan.

### **Year of Eligibility Service**

Years of Service, for purposes of eligibility to participate in the Plan, are referred to as Years of Eligibility Service and are determined using the hours of service method.

A Year of Eligibility Service is credited for each Computation Period during which you are credited with at least 1,000 Hours of Service. The Computation Period is the 12-consecutive-month period beginning with your employment start date and anniversaries thereof.

All of your Years of Eligibility Service are taken into account for purposes of determining your eligibility to participate in the Plan.

### **Year of Service**

The year of service with an Employer for purposes of determining eligibility to participate, vesting, or benefit accrual, as applicable in context under the Plan.

### **Year of Vesting Service**

Years of Service, for purposes of computing your Vested Percentage, are referred to as Years of Vesting Service and are determined using the elapsed time method. In general, you will be credited with one Year of Vesting Service for each completed 365 days of employment.

All of your Years of Vesting Service are taken into account in determining your Vested Percentage except:

- Years of Service prior to August 1, 1979 which were disregarded under the prior Plan; and
- Service prior to a One Year Break-in-Service if you were not vested in your Accrued Benefit at the time you incurred a One Year Break-in-Service and the number of One Year Breaks-in-Service you incurred equals or exceeds the greater of five or your Years of Vesting Service earned prior to such Break in Service.

\* \* \*