

**ARKANSAS MUNICIPAL LEAGUE
457(b) DEFERRED COMPENSATION PLAN**

TRUST DECLARATION

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THIS TRUST DECLARATION is made and entered into effective as of January 1, 2001 by the Arkansas Municipal League.

PRELIMINARY INFORMATION

Arkansas Municipal League, Inc. ("AML") has established Arkansas Municipal League Deferred Compensation Plan ("Plan") for the exclusive benefit of Eligible Employees of Participating Employers. The authority to conduct the general investment operation and the general administration of the Plan is vested in the Trustees. The Trustees now desire to formalize the trust ("Trust") pursuant to this trust declaration ("Trust Declaration") to serve as the funding vehicle for the Plan.

AML is the Administrator of the Plan and the Trust. The Trustees may contract with a Service Manager to perform functions with respect to the Trust. If the Trustees contract with a Service Manager, the term "Administrator" herein includes the Service Manager with respect to those duties regarding which the Service Manager provides services.

The Trustees shall maintain the plan for the exclusive benefit of the Participants. The Trustees intend to establish sound prudent practices designed to provide easy and convenient access to information and transactions for Participants, including transfers from one Investment Fund to another at the Participant's direction. The Trustees intend to establish these practices while maintaining a reasonable cost to the Participants. The Trustees intend to preserve employees' rights to choose freely among a broad range of Investment Funds and to self-direct their investments. Further, the Trustees intend to perform ongoing evaluations

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and reviews to ensure that the Investment Funds offered remain diversified, competitive and attractive to Participants. It is the Trustees' intent that the Trust be exempt under Sections 501(a) and 115 of the Internal Revenue Code of 1986, as amended.

ARTICLE I - TRUST ADMINISTRATION

1.01 Trust Fund. The Trustees shall receive and accept for the purposes hereof all property paid to them by or at the direction of the Participating Employers and shall hold, invest, reinvest, manage, administer and distribute property and the increments, proceeds, earnings and income thereof for the exclusive benefit of the Participants and Beneficiaries under the Plan. All assets held by the Trustees in the Trust are referred to herein as the "Trust Fund." The Trustees have authority to invest, in accordance with valid participant instructions, and manage the assets of the Trust Fund.

1.02 Exclusive Benefit Rule. No portion of the principal or the income of the Trust Fund shall revert to the Participating Employer, or ever be used for or diverted to any purpose other than for (i) the exclusive benefit of Participants in the Plan and persons claiming under or through them pursuant to the Plan and (ii) the payment of reasonable expenses of the Plan and this Trust. The Trustees shall administer the Trust in compliance with Code Section 503(b).

1.03 Trustee Standard. The Trustees and any other fiduciary shall discharge duties with respect to the Plan with the care, skill, and caution under the circumstances then prevailing which a prudent person acting in a like capacity and familiar with those matters would use in the conduct of an activity of like character and purpose and in accordance with a good-faith interpretation of the law governing the Plan.

1.04 Investment Policy. The Trustees shall adopt a statement of investment policy for the Plan. At least annually, the Trustees shall review the statement and change or reaffirm it.

1.05 Plan. All references in the Trust Declaration to the Plan shall mean Arkansas Municipal League Deferred Compensation Plan. The Plan, as amended from time to time, is incorporated herein by reference, and the terms herein shall have the meanings attributed to them in the Plan.

1.06 Property. The word “property” used in the Trust Declaration shall be deemed to refer to any property, real or personal, or part interest therein, wherever situated, including, but without being limited to, preferred and common stocks, shares of investment companies, bonds, notes, debentures and mortgages, equipment trust certificates, investment trust certificates, interest in partnerships whether limited or general, or in any insurance contract, policy, annuity or other investment media offered by an insurance company.

1.07 Unclaimed Benefit Payments. If any check or share certificate in payment of a benefit hereunder, which has been mailed by regular United States first-class mail to the last address of the payee furnished to the Trustees by the Administrator, is returned unclaimed, the Trustees shall notify the Administrator and shall discontinue further payments to such payee until they receive the further instructions of the Administrator, subject to any applicable Unclaimed Property Act provisions.

1.08 Duty to Furnish Information. Both the Administrator and the Trustees shall furnish to each other any document, report, return, statement or other information that the other reasonably deems necessary to perform duties imposed under the Plan or the Trust Declaration or otherwise imposed by law.

ARTICLE II - DEPOSITS AND DISBURSEMENTS FROM THE TRUST FUND

2.01 Trust Deposits. The Trustees shall delegate to the Administrator the responsibility for accepting deposits to the Trust.

2.02 Trust Payments. The Trustees shall delegate to the Administrator the responsibility for making payments from the Trust Fund. Administrator shall make payments from the Trust Fund to Participants, their Beneficiaries and such other persons as the Plan may provide. Such payments shall be made in such manner, in such amounts and for such purposes, including the payment of Plan benefits and the payment of expenses of administration of the Plan, as may be specified in the Plan. The Administrator shall ensure that any payment directed under this Section conforms to the provisions of the Plan, the Trust Declaration, and the provisions of any applicable law. Payments from the Trust shall be made by check (or the check of an agent) or deposit to the order of the payee. Payments or other distributions hereunder may be mailed to the payee at the address last furnished to the Administrator. The Trustees shall not incur any liability or other damage on account of any payment or other distribution made by the Trust in accordance with this Section.

2.03 Allocation of Trust Expenses~~II.3~~**Allocation of Trust Expenses.** The Trustees shall pay all expenses of the Trust from the Trust Fund. All expenses of the Trust which are allocable to a particular Investment Fund or Account may be allocated and charged to such Investment Fund or Account as determined by the Trustees. All expenses of the Trust which are not allocable to a particular Investment Fund or Account shall be charged to each such Investment Fund or Account the manner established by the Trustees.

ARTICLE III - INVESTMENT FUNDS

The Trustees, in accordance with provisions of the Plan, may establish one (1) or more investment options within the Trust Fund, each option being hereinafter referred to as an "Investment Fund." The Trustees shall transfer to each such Investment Fund such portion of the assets of the Trust Fund as appropriate. The Trustees shall manage, acquire or dispose of the assets in an Investment Fund in accordance with valid specific investment directions given by the Participants. All income received with respect to, and all proceeds received from, the disposition of property held in an Investment Fund shall be credited to, and reinvested in, such Investment Fund. The Trustees shall establish default investment option in absence of valid Participant investment direction.

From time to time, the Trustees may eliminate an Investment Fund, and the proceeds thereof shall be reinvested in another Investment Fund in accordance with the directions of the Trustees.

ARTICLE IV - INVESTMENT IN INSURANCE CONTRACTS

The Trustees may (1) offer one or more Investment Funds pursuant to one (1) or more agreements with insurance companies qualified to do business in the State of Arkansas. Any asset invested pursuant to such an agreement shall be held by the insurance company. Each insurance company so selected shall certify the value of the Trust's interest in the property held by it at least annually. The Trustees shall be entitled to rely conclusively on such valuation for all purposes under the Trust Declaration.

ARTICLE V - INVESTMENT IN MUTUAL FUNDS

The Trustees may offer (1) one or more Investment Funds pursuant to one (1) or more agreements with companies offering mutual fund products. Any asset invested pursuant to such an agreement shall be held by the Trustees. Each mutual fund so selected shall certify the value of the Trust's interest in that fund at least annually. The Trustees shall be entitled to rely conclusively on such valuation for all purposes under the Trust Declaration.

ARTICLE VI - POWERS AND DUTIES OF THE TRUSTEES

6.01 Exercise of Powers and Authority**VII.1 Exercise of Powers and Authority**. Except to the extent that the same has been delegated to an Investment Manager or Insurance Company with respect to an Investment Fund, the Trustees, in administering the Trust, shall have such power and authority (including discretion with respect to the exercise of that power and authority) as may be necessary, advisable, desirable or convenient to the Trustees, in their sole discretion, subject to the provisions of this Trust Declaration. The Trustees shall specifically have all powers, whether as to investment of the Trust or otherwise, granted to fiduciaries under Arkansas law, including but not limited to the provisions of Arkansas Code Annotated Sections 28-69-301 et seq. and 28-71-101 et seq. The powers set forth in Arkansas Code Annotated Section 28-69-301 et seq. are hereby specifically incorporated by reference to be exercised by the Trustees. In addition, by way of illustration and not limitation, the Trustees shall have the power and authority:

- (1) To serve as trustees and fiduciaries of the Plan;
- (2) To adopt bylaws governing the Trustees' operations and procedures, with the by-laws and amendments to such by-laws being submitted to the Arkansas Municipal League;
- (3) To contract with municipal corporations, political subdivisions and other public entities of this State or of local government and private entities for the provision of Plan services and for the use or furnishing of services and facilities necessary, useful, or incident to providing Plan services;
- (4) To contract with public or private entities for the provision of administrative services;

- (5) To adopt plans, trust agreements, investment guidelines and other documents necessary or desirable for the Plan;
- (6) To charge fees for administrative services in addition to any fees charged by a Service Provider;
- (7) To collect and disburse all funds due or payable under the Plan;
- (8) To provide for and promulgate all rules, regulations, and forms deemed necessary or desirable in contracting with Employers and Participants, in fulfilling the Trustees' purposes of providing Plan benefits, and in maintaining proper records and accounts;
- (9) To expend Trust funds for the purchase of fidelity and surety bonds and liability insurance for the protection and indemnification of the Trustees in the performance of their duties;
- (10) To allocate and pay the reasonable expenses of the Plan and the Trustees while in the performance of their duties;
- (11) To employ insurance companies, banks, trust companies, investment brokers, investment advisors, or others as agents for the receipt and disbursement of funds held in trust for Participants in the Plan;
- (12) To participate in a tax-exempt group trust that has been determined by the Internal Revenue Service to be a pooled fund arrangement pursuant to Revenue Ruling 81-100.
- (13) To determine, consistent with the applicable laws, rules or regulations, and the claims procedure under the Plan all questions of law or fact that may arise as to investments and the rights of any person claiming rights under the Plan,

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including without limitation, Participants, former Participants, Beneficiaries, Employees and former Employees;

- (14) Subject to and consistent with the Code, to construe and interpret the Trust and to correct any defect, supply any omissions, or reconcile any inconsistency in the Trust;
- (15) To accept or reject a Participating Employer's adoption of or withdrawal from the Plan;
- (16) To contract for, purchase or otherwise procure insurance and investment products;
- (17) To register any Trust asset in the name of the Trust, in the name of its agent or in the name of a nominee or to hold any instrument in bearer form (but the books and records of the Plan shall at all times show that such investments are part of the Trust Fund);
- (18) To consult with and rely on the advice of legal counsel;
- (19) To make, execute, acknowledge and deliver any and all instruments necessary or appropriate to carry out the powers herein granted;
- (20) To take all actions consistent with this Trust Declaration necessary or appropriate to administer or carry out the purposes of the Trust and the Plan; provided, however, the Trustees need not take any action unless in their opinion there are sufficient Trust assets available for the expense thereof.

6.02 Authority of Individual Trustees. Any action to be taken by the Trustees shall be taken only upon the authorization or vote of a majority of such individual trustees. However, the Trustees may delegate a particular function, power or authority to an individual

trustee (the "Individual Trustee"). When such delegation occurs, no person dealing with the Individual Trustee shall be required to make inquiry as to the authority of the Individual Trustee to do any act hereunder. Any such person shall be entitled, conclusively, to assume that the Individual Trustee is properly authorized to do any act which he/she purports to do hereunder, and any such person shall be under no liability to any person, whomsoever, for any act done hereunder pursuant to such written direction of the Individual Trustee. When such action is so authorized by the Individual Trustee, any such person may assume conclusively that the Individual Trustee has full power and authority to receive and give receipt for any money or property becoming due and payable to the Trustees, and no such person shall be bound to inquire as to the disposition or application of any money or property paid or delivered to the Individual Trustee, or paid or delivered in accordance with such written direction of the Individual Trustee.

ARTICLE VII - LIMITATIONS OF RESPONSIBILITY

7.01 Standard of Review. In evaluating performance of the Trustees or other fiduciary, compliance by the Trustees or other fiduciary with the Trust must be determined in light of the facts and circumstances existing at the time of the Trustees or fiduciary's decision or action and not by hindsight.

7.02 Limitations on Liability. The Trustees' responsibilities and liabilities shall be subject to the following limitations:

The Trustees shall have no duties other than those expressly set forth in this Trust Declaration or the Plan and those imposed on the Trustees by applicable laws.

The Trustees shall be responsible only for money and property actually received by the Trustees, and then to the extent described in this Trust. The Trustees shall not be under any duty to require payment of any contribution to the Trust Fund or to see that any payment made to them is computed in accordance with the provisions of the Plan.

The Trustees shall not be responsible for the correctness of any determination of payments or disbursements from the Trust Fund.

The Trustees shall have no liability for the acts or omissions of any predecessor or successor in office.

The Trustees shall have no liability for (i) the acts or omissions of any Investment Manager or Managers; (ii) the acts or omissions of any Insurance Company; (iii) the acts or omissions of any Mutual Fund; or (iv) following directions that are given to the Trustees by the Participants or the Administrator in accordance with this Trust Declaration or the Plan.

ARTICLE VIII - ACCOUNTS OF THE TRUSTEES - RECORDKEEPING AND
VALUATION

The Trustees shall maintain or cause to be maintained suitable records, data and information relating to their responsibilities hereunder, in accordance with applicable Arkansas law. Individual Participant Accounts shall be maintained by the Administrator pursuant to the Plan.

ARTICLE IX - RELIANCE ON COMMUNICATIONS

The Trustees may rely upon a certification of the Administrator with respect to any instruction, direction, or approval of such Administrator and may continue to rely upon such certification until a subsequent certification is filed with the Trustees. The Trustees shall have no duty to make any investigation or inquiry as to any statement contained in any such writing but may accept the same as fully authorized by the Administrator.

The Trustees shall be protected further in relying upon a written certification from any Investment Manager, insurance company or mutual fund as to the person or persons authorized to give instructions or directions on behalf of such Investment Manager or insurance company and continue to rely upon such certification until a subsequent written certification is filed with the Trustees.

ARTICLE X - RESIGNATION AND REMOVAL OF TRUSTEES

The resignation, removal, and appointment of Trustees are governed by applicable Arkansas law. Upon such resignation or removal, the Arkansas Municipal League may appoint a successor individual co-trustee, who shall have the same powers and duties as those conferred upon the Trustees hereunder. If at any time a resignation or removal otherwise would have the effect of leaving the Trust without any Trustee, the Arkansas Municipal League shall appoint a successor Trustee.

ARTICLE XI - AMENDMENT

Except as otherwise provided by this Declaration, this Trust Declaration may be amended in writing by Arkansas Municipal League at any time and in any manner permitted by applicable law.

ARTICLE XII - TERMINATION

This Trust Declaration and the Trust created hereby may be terminated at any time by the Trustees with respect to an Employer when the Employer's participation in the Plan is terminated. The Trust Declaration and the Trust may be terminated in its entirety when the Plan is terminated in its entirety. Notwithstanding the foregoing, the Trustees shall not be required to pay out any asset of the Trust Fund to Participants and Beneficiaries or a successor plan upon termination of the Trust until the Trustees have received written certification from the Administrator (i) that all provisions of law with respect to such termination have been complied with; and (ii) after the Trustees have made a determination of the fair market value of the assets of the Plan, that the assets of the Plan are sufficient to discharge when due all obligations of the Plan required by law. The Trustees shall rely conclusively on such written certification and shall be under no obligation to investigate or otherwise determine its propriety.

ARTICLE XIII - MISCELLANEOUS ARTICLE

13.01 Construction and Governing Law. This Trust Declaration shall be construed, enforced and administered and the validity thereof determined in accordance with the Code and the laws of the State of Arkansas.

Words used herein in the masculine gender shall be construed to include the feminine gender, where appropriate, and words used herein in the singular or plural shall be construed as being in the plural or singular where appropriate. The headings and subheadings in this Trust Declaration are inserted for convenience of reference only and are not to be considered in the construction of any provision of the Trust Declaration.

In resolving any conflict among provisions of this Trust Declaration and in resolving any other uncertainty as to the meaning or intention of any provision of this Trust Declaration, the interpretation that (i) causes the Plan and Trust to satisfy the applicable requirements of Code Section 457(b) and the Trust to be exempt from tax under Code Sections 115 and 501(a), and (ii) causes the Plan and Trust to comply with all applicable requirements of state or federal law shall prevail over any different interpretation.

13.02 Duration of Trust. Unless sooner terminated, the Trust created under the Trust Declaration shall continue for the maximum period of time permitted by the laws of the State of Arkansas.

13.03 No Guarantees. Neither the Administrator nor the Trustees guarantee the Trust Fund from loss or depreciation or the payment of any amount, which may become due to any person under the Plan or the Trust Declaration.

13.04 Parties Bound. This Trust Declaration shall be binding upon the parties hereto, the Participating Employers, all Participants in the Plan and persons claiming under

or through them pursuant to the Plan, and, as the case may be, the heirs, executors, administrators, successors and assigns of each of them.

13.05 Necessary Parties to Disputes. Necessary parties to any accounting, litigation or other proceedings relating to the Trust Declaration shall include only the Trustees and the Administrator. The settlement or judgment in any such case in which the Trustees are duly served or cited shall be binding upon all Participants in the Plan and their Beneficiaries and estates, and upon all persons claiming by, through or under them.

13.06 Severability. If any provisions of the Trust Declaration shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of the Trust Declaration shall continue to be fully effective. If any provision of the Trust Declaration is held to violate the Code or to be illegal or invalid for any other reason, that provision shall be deemed to be null and void, but the invalidation of that provision shall not otherwise affect the Plan or Trust.

13.07 Supersession. The terms of the Trust Declaration shall supersede any previous oral agreement between the parties pertaining to the Trust.

13.08 Acceptance of Trust. Each trustee hereby accepts the trust under the Trust Declaration.

13.09 Counterparts. This Trust Declaration may be executed in one (1) or more counterparts, each of which shall constitute an original.

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IN WITNESS WHEREOF, the Arkansas Municipal League has caused to be affixed
the signature of its duly authorized Representative:

date: 6/15/01

BY: 

Don Zimmerman

[Please print your name]

Executive Director

[and your title]