

Received
6/10/10

**ARKANSAS LOCAL GOVERNMENT
PENSION MANAGEMENT TRUST**

As Amended and Restated Effective August 14, 2004

**This Instrument Prepared By:
Joseph B. Hurst, Jr.
Friday, Eldredge & Clark
2000 Regions Center
400 West Capitol Avenue
Little Rock, Arkansas 72201-3493**

TABLE OF CONTENTS

ARTICLE I DEFINITIONS AND THE TRUST	2
Section 1.1. Definitions	2
Section 1.2. Name.	4
Section 1.3. Purpose.	4
Section 1.4. Location.	4
Section 1.5. Nature of the Trust Agreement.	4
Section 1.6. Effective Date.	5
ARTICLE II PARTICIPANTS	5
Section 2.1. Adoption by a Pension Fund and Election to Become a Participant.	5
Section 2.2. Representation of Each Participant	5
Section 2.3. Withdrawal from the Trust.	5
ARTICLE III PARTICIPANTS' RIGHTS	5
Section 3.1. Exercise of Participants' Rights.	5
Section 3.2. Inspection of Records.	5
ARTICLE IV THE BOARD OF TRUSTEES	5
Section 4.1. Number and Qualification.	5
Section 4.2. Term and Election.	6
Section 4.3. Resignation and Removal.	6
Section 4.4. Vacancies.	6
Section 4.5. Meetings.	7
Section 4.6. Officers.	7
Section 4.7. By-Laws.	8
Section 4.8. Execution of Documents.	8
ARTICLE V POWERS AND DUTIES OF THE BOARD OF TRUSTEES	8
Section 5.1. General.	8
Section 5.2. Legal Title.	8
Section 5.3. Powers.	8
Section 5.4. Disposition of Assets.	9
Section 5.5. Delegation; Committees.	9
Section 5.6. Collection.	9
Section 5.7. Payment of Expenses.	10
Section 5.8. Borrowing and Indebtedness.	10
Section 5.9. Deposits.	10
Section 5.10. Valuation.	10
Section 5.11. Fiscal Year; Accounts.	10
Section 5.12. Affiliates.	10
Section 5.13. Investment Program.	10
Section 5.14. Power to Contract, Appoint, Retain and Employ.	11
Section 5.15. Insurance.	11
Section 5.16. Seal.	11
Section 5.17. Indemnification.	12
Section 5.18. Remedies.	12

Section 5.19. Information Statement	12
Section 5.20. Reports.	12
Section 5.21. Further Powers.	12
ARTICLE VI THE INVESTMENT ADVISOR, TRUST ADMINISTRATOR AND CUSTODIAN OF INVESTMENTS	13
Section 6.1. Employment	13
Section 6.2. Duties of the Investment Advisor	13
Section 6.3. Duties of the Trust Administrator	13
Section 6.4. Duties of the Custodian of Investments	13
Section 6.5. Successors.	14
ARTICLE VII INVESTMENTS	14
Section 7.1. Investment Policy	14
Section 7.2. Restrictions Fundamental to the Trust	14
Section 7.3. Amendment of Restrictions	15
Section 7.4. Maximum Aggregate Investment of Participants.....	15
Section 7.5. Minimum Investment.	15
Section 7.6. Closing an Investment in a Collective Fund	15
Section 7.7. Collected Funds	15
Section 7.8 Pension Fund Board Authority	15
ARTICLE VIII LIMITATIONS OF LIABILITY	16
Section 8.1. Liability to Third Persons.	16
Section 8.2. Liability to the Trust or to the Participants	16
Section 8.3. Indemnification.....	16
Section 8.4. Surety Bonds.	17
Section 8.5. Apparent Authority.....	17
Section 8.6. Recitals.	17
Section 8.7. Reliance on Experts.....	17
Section 8.8. Liability Insurance.....	18
ARTICLE IX UNITS OF PARTICIPATION IN A COLLECTIVE FUND.....	18
Section 9.1. Division Into Units	18
Section 9.2. Allocation of Units	18
Section 9.3. Evidence of Unit Allocation	18
Section 9.4. Redemption of Units Attributable to Income.....	18
Section 9.5. Redemption of Units at the Request of a Participant	18
Section 9.6. Suspension of Redemption; Postponement of Payment.....	19
Section 9.7. Minimum Redemption.....	19
Section 9.8. Defective Redemption Requests	19
ARTICLE X RECORD OF UNITS	20
Section 10.1. Unit Register.....	20
Section 10.2. Registrar.	20
Section 10.3. Owner of Record	20
Section 10.4. No Transfer of Units.....	20
Section 10.5. Limitation of Responsibility	20

Section 10.6. Notices.....	21
ARTICLE XI DETERMINATION OF NET ASSET VALUE AND NET INCOME OF A COLLECTIVE FUND	
Section 11.1. Net Asset Value.....	21
Section 11.2. Net Income.....	21
ARTICLE XII RECORDING OF TRUST AGREEMENT.....	
Section 12.1. Recording.....	21
ARTICLE XIII AMENDMENT OR TERMINATION OF TRUST; DURATION OF THE TRUST	
Section 13.1. Amendment or Termination.....	22
Section 13.2. Duration.....	22
ARTICLE XIV MISCELLANEOUS.....	
Section 14.1. Governing Law.....	23
Section 14.2. Counterparts.....	23
Section 14.3. Reliance by Third Parties.....	23
Section 14.4. Provisions in Conflict with Law.....	23
Section 14.5. Gender: Section Headings.....	23

Section 5.19. Information Statement	12
Section 5.20. Reports	12
Section 5.21. Further Powers	12
ARTICLE VI THE INVESTMENT ADVISOR, TRUST ADMINISTRATOR AND CUSTODIAN OF INVESTMENTS	13
Section 6.1. Employment	13
Section 6.2. Duties of the Investment Advisor	13
Section 6.3. Duties of the Trust Administrator	13
Section 6.4. Duties of the Custodian of Investments	13
Section 6.5. Successors	14
ARTICLE VII INVESTMENTS	14
Section 7.1. Investment Policy	14
Section 7.2. Restrictions Fundamental to the Trust	14
Section 7.3. Amendment of Restrictions	15
Section 7.4. Maximum Aggregate Investment of Participants	15
Section 7.5. Minimum Investment	15
Section 7.6. Closing an Investment in a Collective Fund	15
Section 7.7. Collected Funds	15
 Section 7.8 Pension Fund Board Authority	 15
ARTICLE VIII LIMITATIONS OF LIABILITY	16
Section 8.1. Liability to Third Persons	16
Section 8.2. Liability to the Trust or to the Participants	16
Section 8.3. Indemnification	16
Section 8.4. Surety Bonds	17
Section 8.5. Apparent Authority	17
Section 8.6. Recitals	17
Section 8.7. Reliance on Experts	17
Section 8.8. Liability Insurance	18
ARTICLE IX UNITS OF PARTICIPATION IN A COLLECTIVE FUND	18
Section 9.1. Division Into Units	18
Section 9.2. Allocation of Units	18
Section 9.3. Evidence of Unit Allocation	18
Section 9.4. Redemption of Units Attributable to Income	18
Section 9.5. Redemption of Units at the Request of a Participant	18
Section 9.6. Suspension of Redemption; Postponement of Payment	19
Section 9.7. Minimum Redemption	19
Section 9.8. Defective Redemption Requests	19
ARTICLE X RECORD OF UNITS	20
Section 10.1. Unit Register	20
Section 10.2. Registrar	20
Section 10.3. Owner of Record	20
Section 10.4. No Transfer of Units	20
Section 10.5. Limitation of Responsibility	20

Section 10.6. Notices.....	21
ARTICLE XI DETERMINATION OF NET ASSET VALUE AND NET INCOME OF A COLLECTIVE FUND	
Section 11.1. Net Asset Value.....	21
Section 11.2. Net Income.....	21
ARTICLE XII RECORDING OF TRUST AGREEMENT.....	
Section 12.1. Recording.....	21
ARTICLE XIII AMENDMENT OR TERMINATION OF TRUST; DURATION OF THE TRUST	
Section 13.1. Amendment or Termination.....	22
Section 13.2. Duration.....	22
ARTICLE XIV MISCELLANEOUS.....	
Section 14.1. Governing Law.....	23
Section 14.2. Counterparts.....	23
Section 14.3. Reliance by Third Parties.....	23
Section 14.4. Provisions in Conflict with Law.....	23
Section 14.5. Gender: Section Headings.....	23

TRUST AGREEMENT

THIS TRUST AGREEMENT is entered into by and among the Board of Trustees and the Pension Funds which have executed a Joinder Agreements to this Trust Agreement.

WITNESSETH:

WHEREAS, Ark. Code Ann. §24-11-410, permits the board of trustees of local police pension and relief funds in which assets exceed five hundred thousand dollars (\$500,000) to employ an investment advisor as defined in Ark. Code Ann. §24-10-402(a)(2)(A)(ii) to invest the assets of such funds subject to the terms, conditions, limitations and restrictions imposed by law upon the Arkansas Local Police and Fire Retirement System, as provided by Ark. Code Ann. §§24-10-401 et seq.; and

WHEREAS, Ark. Code Ann. §24-11-805, permits the board of trustees of local fire pension and relief funds in which assets exceed one hundred thousand dollars (\$100,000) to employ an investment advisor as defined in Ark. Code Ann. §24-10-402(a) to invest the assets of such funds subject to the terms, conditions, limitations and restrictions imposed by law upon the Arkansas Local Police and Fire Retirement System, as provided by Ark. Code Ann. §§24-10-401 et seq.; and

WHEREAS, Ark. Code Ann. §24-12-109, permits the board of trustees of local paid nonuniformed employees' pension and relief funds in which assets exceed one hundred thousand dollars (\$100,000) to employ an investment advisor as defined in Ark. Code Ann. §24-10-402(a)(2)(A)(ii) to invest the assets of such funds subject to the terms, conditions, limitations and restrictions imposed by law upon the Arkansas Local Police and Fire Retirement System, as provided by Ark. Code Ann. §§24-10-401 et seq.; and

WHEREAS, Ark. Code Ann. §24-10-402 provides that the investment activity of the Arkansas Local Police and Fire Retirement System is subject to the terms, conditions, limitations, and restrictions imposed by law upon state public employee retirement plans in the making and disposing of their investments; and

WHEREAS, Ark. Code Ann. §24-2-602(b) provides that investments and reinvestments of state public employee retirement plans shall be made in accordance with the prudent investor rule set forth in Ark. Code Ann. §§24-2-610 through 24-2-619; and

WHEREAS, the intent of this collective trust is to permit the pooling of assets of Pension Funds and the investment of such pooled assets in accordance with the prudent investor rules set forth in Ark. Code Ann. §§24-2-610 through 24-2-619:

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements contained herein, the Pension Funds that are parties hereto, now and hereafter added pursuant to the provisions herein, mutually undertake, promise and agree for themselves and for their respective representatives, successors and assigns that all moneys, assets, securities, funds and properties now or hereafter acquired by the trustees of the trust created hereunder and their successors and assigns

under this Trust Agreement shall be held and managed in trust subject to the terms, covenants, conditions, purposes and provisions hereof as follows:

ARTICLE I DEFINITIONS AND THE TRUST

Section 1.1. Definitions. The following capitalized terms used herein shall have the following meanings unless the context otherwise requires:

"Board of Trustees" means the governing body of the Trust.

"Collective Fund" means a collective fund which is established by this Trust Agreement and which may be invested only in Permitted Investments.

"Collective Fund Assets" means Trust Property held for the credit of a Collective Fund.

"Custodian of Investments" means the Person appointed by the Board of Trustees pursuant to Section 6.1 hereof and acting as custodian of Trust Property.

"Earmarked Trust Property" means Trust Property, other than Collective Fund Assets, which is earmarked on behalf of an individual Pension Fund and which may only consist of Permitted Investments.

"Information Statement" means the information statement or other descriptive document or documents which sets forth the policy and objectives of the Trust, adopted as such by the Board of Trustees and distributed by the Trust to Participants and potential Participants as the same may be amended by the Board of Trustees from time to time.

"Investment Advisor" means the Person employed both by each Pension Fund and the Board of Trustees pursuant to Section 6.1 hereof, who shall be an investment advisor as defined in Ark. Code Ann. §24-10-402(a)(2)(A)(ii) with respect to each Pension Fund and shall act as the investment advisor to the Board of Trustees with respect to the investment of Trust Property.

"Investment Advisory Agreement" means the agreement between the Board of Trustees on behalf of the Trust and the Investment Advisor, referred to in Section 6.2 hereof, as the same may be amended from time to time.

"Joinder Agreement" means a written supplement to this Trust Agreement pursuant to which a Pension Fund becomes a party to this Trust Agreement .

"League" means the Arkansas Municipal League.

"Participant" means a Pension Fund that has executed a Joinder Agreement and is permitted in accordance with the provisions hereof to invest in Trust Property.

"Pension Fund" means any of the following:

(i) A Local Police Pension and Relief Fund as described in Chapter 11 of Ark. Code Ann. §§24-11-101 et. seq., except such police pension and relief funds shall be limited only to those funds the trustees of which may invest assets pursuant to Ark. Code Ann. §§24-11-410(c), i.e., the fund assets exceed five hundred thousand dollars (\$500,000) and the board of trustees employ an investment advisor as defined in Ark. Code Ann. §24-10-402(a)(2)(A)(ii);

(ii) A Local Fire Pension and Relief Fund as described in Chapter 11 of Ark. Code Ann. §§24-11-101 et. seq., except such fire pension and relief funds shall be limited only to those funds the trustees of which may invest assets pursuant to Ark. Code Ann. §§24-11-805(d), i.e., the fund assets exceed one hundred thousand dollars (\$100,000) and the board of trustees employ an investment advisor as defined in Ark. Code Ann. §24-10-402(a); or

(iii) A Local Paid Nonuniformed Employees' Pension and Relief Fund as described in Chapter 12 of Ark. Code Ann. §§24-12-101 et. seq., except such nonuniformed employees' pension and relief funds shall be limited only to those funds the trustees of which may invest assets pursuant to Ark. Code Ann. §§24-12-109(c), i.e., the fund assets exceed one hundred thousand dollars (\$100,000) and the board of trustees employ an investment advisor as defined in Ark. Code Ann. §24-10-402(a)(2)(A)(ii).

"Pension Fund Board of Trustees" means the board of trustees of a Pension Fund.

"Permitted Investments" means those investments or reinvestments made in accordance with the prudent investor rule set forth in Ark. Code Ann. §§24-2-610 through 24-2-619 or in accordance with other applicable provisions of Arkansas State statutes.

"Person" means and includes individuals, corporations, limited partnerships, general partnerships, joint stock companies or associations, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts and other entities (whether or not legal entities) and governments and agencies and political subdivisions thereof.

"State" means the State of Arkansas.

"Trust Administrator" means the Person appointed by the Board of Trustees pursuant to Section 6.1 hereof and acting as administrator of the day-to-day affairs of the Trust.

"Trust" means the Arkansas Local Government Pension Management Trust.

"Trust Agreement" means this Trust Agreement as amended, restated, modified and supplemented from time to time. References in this Trust Agreement to "Agreement," "hereof," "herein," "hereby," and "hereunder" shall be deemed to refer to this Trust Agreement as a whole and shall not be limited to the particular text, article or section in which such words appear unless otherwise stated.

"Trust Property" means, as of any particular time, all property, real, personal or otherwise, tangible or intangible, that is transferred, conveyed or paid to the Trust or Board of Trustees and at

such time is held in and by or for the account of the Trust, including without limitation all income, profits and gains from such property at such time held in and by or for the account of the Trust.

"Trustee" means the Board of Trustees.

"Unit Register" means the register of Units with respect to a Collective Fund maintained pursuant to Section 10.1 hereof.

"Units" means the units of participation into which the Collective Fund Assets are divided, which represent the respective pro rata beneficial interests of the Participants in a Collective Fund, as described in Article IX hereof.

Section 1.2. Name. The name of the Trust shall be "Arkansas Local Government Pension Management Trust" or "PMT" and, so far as may be practicable, the Board of Trustees shall conduct the Trust's activities, execute all documents and sue or be sued under that name. Should the Board of Trustees determine that the use of such name is not practicable, legal or convenient, the Board may use such other designation or they may adopt such other name for the Trust as they deem proper, and the Trust may hold property and conduct its activities under such designation or name. The Board of Trustees shall take such action as they, acting with the advice of counsel, shall deem necessary or appropriate to file or register such name in accordance with the laws of the State of Arkansas and/or the United States of America so as to protect and preserve the right of the Trust in and to such name.

Section 1.3. Purpose. The purpose of the Trust is to establish Collective Funds, or utilize other investment techniques, through which Pension Funds may pool moneys or otherwise pursue more efficient investment processes and seek to enhance their investment opportunities and earn greater investment returns in accordance with the laws of the State from time to time in effect governing the investment of moneys of Pension Funds.

Section 1.4. Location. The Trust shall maintain an office of record in the State and may maintain such other offices or places of business as the Board of Trustees may from time to time determine. The initial office of record of the Trust shall be: Arkansas Local Police and Fire Pension Management Trust, c/o Arkansas Municipal League, 2nd & Willow Streets, North Little Rock, Arkansas 72114. The office of record may be changed from time to time by resolution of the Board of Trustees, and notice of such change of the office of record shall be given to each Participant.

Section 1.5. Nature of the Trust Agreement. The Trust shall consist of commingled funds exempt from tax under Revenue Ruling 81-100, and other Earmarked Trust Property, the beneficiaries of which consist solely of pension funds of governmental units as described in Section 818(a) (6) of the Internal Revenue Code. The Trust is not intended to be, shall not be deemed to be and shall not be treated as a general partnership, limited partnership, joint venture, corporation, investment company or joint stock company. The Participants shall be beneficiaries of the Trust, and their relationship to the Board of Trustees shall be solely in their capacity as Participants and beneficiaries in accordance with the rights conferred upon them hereunder.

Section 1.6. Effective Date. This Trust shall be effective upon the appointment of all members of the Board of Trustees.

ARTICLE II PARTICIPANTS

Section 2.1. Adoption by a Pension Fund and Election to Become a Participant. Any Pension Fund may become a Participant of this Trust by: (i) taking any appropriate official action to adopt this Trust Agreement (ii) furnishing the Trustee with satisfactory evidence that such official action has been taken (i.e., a certified copy of such instrument shall constitute satisfactory evidence); and (iii) the Pension Fund's execution and delivery to the Trustee of a Joinder Agreement reflecting such Pension Fund's admission as a Participant, in such form as may be prescribed by the Trustee.

Section 2.2. Representation of Each Participant. The Pension Fund Board of Trustees of each Participant shall be the legal representative to act for and on behalf of such Participant for purposes of this Agreement and the Trust.

Section 2.3. Withdrawal from the Trust. Any Participant may resign and withdraw from the Trust by sending a written notice to such effect to the Chairman of the Board of the Trustees and by requesting the redemption of all Units then held by it. Such resignation and withdrawal shall not become effective until the receipt of such written notice by the Chairman of the Board of Trustees, the execution and delivery to the Board of Trustees of a supplement to this Trust Agreement reflecting such Pension Fund's withdrawal as a Participant, in such form as may be prescribed by the Board of Trustees. Notwithstanding the foregoing, a Participant shall have the unconditional right to withdraw from the Trust upon not more than ninety (90) days written notice. No resignation and withdrawal by a Participant shall operate to annul this Trust Agreement or terminate the existence of the Trust.

ARTICLE III PARTICIPANTS' RIGHTS

Section 3.1. Exercise of Participants' Rights. Any rights of a Participant as set forth in this Article shall be exercised by the Pension Fund Board of Trustees. Wherever in this Trust Agreement action is required by or allocated to a Participant, such action shall be taken by the Pension Fund Board of Trustees on behalf of the Participant. All notices required to be sent to a Participant shall be sent to such Participant's Pension Fund Board of Trustees.

Section 3.2. Inspection of Records. The records of the Trust shall be open to inspection by any Participant upon reasonable notice during regular business hours.

ARTICLE IV THE BOARD OF TRUSTEES

Section 4.1. Number and Qualification. The governing body of the Trust shall be the Board of Trustees. The Executive Committee of the League shall appoint members of the Board of Trustees.

The number of Trustees shall initially be nine (9) and shall thereafter be fixed from time to time by the Executive Committee of the League; provided, however, that the number of Trustees shall in no event be less than seven (7). Any such appointment shall not become effective, however, until the individual named in the resolution of appointment shall have (i) accepted in writing such appointment, and (ii) agreed in writing to be bound by the terms of this Trust Agreement. No reduction in the number of Trustees shall have the effect of removing any Trustee from office prior to the expiration of his term. Whenever a vacancy on the Board of Trustees shall occur, until such vacancy is filled as provided in Section 4.4 hereof, the Trustees continuing in office, regardless of their number, shall have the powers granted to the Board of Trustees and shall discharge all the duties imposed upon the Board of Trustees by this Trust Agreement. Each Trustee shall be a natural person and may be an employee of the League. The Trustees shall not be required to devote their entire time to the business and affairs of the Trust.

Section 4.2. Term and Election.

(a) Except as set forth in subsection (b) of this Section 4.2 with respect to certain of the Trustees serving on the initial Board of Trustees, each Trustee shall serve a term of three (3) years; provided, however, that each Trustee shall continue in office until his successor shall have qualified and been elected.

(b) Each initial Trustee shall serve a term of one (1), two (2) or three (3) years, the length of each initial Trustee's term to be determined by lot at the first meeting of such initial Board of Trustees, three Trustees to serve a term of one (1) year, three Trustees to serve a term of two (2) years, and three Trustees to serve a term of three (3) years.

(c) Trustees may succeed themselves in office.

Section 4.3. Resignation and Removal. Any Trustee may resign (without need for prior or subsequent accounting) by an instrument in writing signed by him and delivered to the Chairman, the Vice Chairman or the secretary (referred to in Section 4.6 hereof) and such resignation shall be effective upon such delivery, or at a later date according to the terms of the notice. Any Trustee may be removed (provided that the aggregate number of Trustees after such removal shall not be less than the minimum number required by Section 4.1 hereof) with good cause, by the action of two-thirds (2/3) of the remaining Trustees. Upon ceasing to be a Trustee, he shall execute and deliver such documents as the remaining Trustees shall deem necessary. Upon the incapacity or death of any Trustee, his legal representative shall execute and deliver on his behalf such documents as the remaining Trustees shall deem necessary.

Section 4.4. Vacancies.

(a) A vacancy shall occur in the event of death, resignation, bankruptcy, adjudicated incompetence or other incapacity to exercise the duties of the office, or removal of a Trustee.

(b) No such vacancy shall operate to annul this Trust Agreement or to revoke any existing agency created pursuant to the terms of this Trust Agreement. In the case of an existing vacancy the Executive Committee of the League acting by resolution may fill such vacancy.

Section 4.5. Meetings.

(a) Meetings of the Board of Trustees shall be held from time to time upon the call of the Chairman, the Vice Chairman, the Secretary or any two Trustees. Regular meetings of the Board of Trustees may be held without call or notice at a time and place fixed by the by-laws or by resolution of the Board of Trustees. Notice of any other meeting shall be mailed or otherwise given not less than 48 hours before the meeting but may be waived in writing by any Trustee either before or after such meeting. Any notice required by the Freedom of Information Act of 1967 (Ark. Code Ann. §25-19-101 et seq.) shall also be given. The attendance of a Trustee at a meeting shall constitute a waiver of notice of such meeting except where a Trustee attends the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened. A quorum for all meetings of the Board of Trustees shall be a majority of the Trustees. Unless specifically provided otherwise in the Trust Agreement, any action of the Board of Trustees may be taken at a meeting by vote of a majority of the Trustees present (a quorum being present) or, if permitted by applicable law, without a meeting for the purpose of polling Trustees concerning any specific matter which any Trustee feels requires a vote of the Board of Trustees, but which he also feels is not sufficient to require calling a special meeting of the Board of Trustees. All action taken by polling the Trustees shall become final 15 days after written ratification by a majority of the Trustees of such action.

(b) Any committee of the Board of Trustees, including an executive committee, if any, may act with or without a meeting. A quorum for all meetings of any such committee shall be a majority of the members thereof. Unless otherwise specifically provided in this Trust Agreement, any action of any such committee may be taken at a meeting by vote of a majority of the members present (a quorum being present) or, without a meeting, by written consent of a majority of the members.

(c) With respect to actions of the Board of Trustees and any committee thereof, Trustees who have an interest in any action to be taken by the Board of Trustees or any committee may be counted for quorum purposes under this Section 4.5, but only if such Trustee has previously given notice to the Board of Trustees of such interest. Such Trustee shall not be entitled to vote.

(d) All or any one or more Trustees may, if permitted by applicable law, participate in a meeting of the Board of Trustees or any committee thereof by utilizing conference telephone or similar communications equipment by means of which all individuals participating in the meeting can hear each other and participation in a meeting pursuant to such communications shall constitute presence in person at such meeting. The minutes of any meeting of the Board of Trustees held by utilizing such communications equipment shall be prepared in the manner as those of a meeting of the Board of Trustees held in person.

Section 4.6. Officers. The Board of Trustees shall annually elect, from among its members, a Chairman and a Vice Chairman who shall have such duties as the Board of Trustees shall deem

advisable and appropriate. The Board of Trustees may elect or appoint, from among their number or otherwise, or may authorize the Chairman to appoint, a Treasurer and a Secretary, one or more Assistant Secretaries and Assistant Treasurers and such other officers or agents, who shall have such powers, duties and responsibilities as the Board of Trustees may deem to be advisable and appropriate. Two or more offices, except those of Chairman, Vice Chairman, Treasurer and Secretary, may be held by the same Person. The Treasurer and the Secretary, if not themselves members of the Board of Trustees, shall attend meetings of the Board of Trustees but shall have no voting power.

Section 4.7. By-Laws. The Board of Trustees may adopt and, from time to time, amend or repeal by-laws for the conduct of the business of the Trust, and in such by-Laws, among other things, may define the duties of the respective officers, agents, employees and representatives of the Trust.

Section 4.8. Execution of Documents. All documents or instruments which require the signature of the Board of Trustees shall be signed by the Chairman of the Board of Trustees or by such other Person as is so designated-by resolution of the Board of Trustees.

ARTICLE V POWERS AND DUTIES OF THE BOARD OF TRUSTEES

Section 5.1. General. The Board of Trustees shall have, without other or further authorization, power to administer the Trust and the affairs of the Trust and such powers of delegation as may be permitted by this Trust Agreement. The Board of Trustees may do and perform such acts and things as in their sole judgment and discretion are necessary and proper for the administration of the Trust and the investment of the Trust Property.

Section 5.2. Legal Title. Title to all of the Trust Property shall be vested in the Board of Trustees and for the beneficial interest of the Participants. The Board of Trustees shall have full and complete power to cause legal title to any Trust Property to be held by or in the name of the Trust, or in the name of any other Person as nominee on such terms, in such manner, and with such powers as the Board of Trustees may determine, so long as in its judgment the interest of the Trust therein is adequately protected. The Participants shall have no interest in Trust Property other than the beneficial interest conferred hereby and measured by their Units of participation in a Collective Fund and/or Earmarked Investments held on their behalf and they shall have no right to call for any partition or division of any Trust Property, profits, rights or interests of the Trust.

Section 5.3. Powers. The Board of Trustees shall have full and complete power, subject in all respect to Article V hereof:

(a) to establish, conduct, and operate, one (1) or more Collective Funds for the pooling of funds of Participants;

(b) for such consideration as they may deem proper and as may be required by law, to subscribe for, assign, transfer, exchange, distribute and otherwise deal in or dispose of Trust Property subject to subsection (c) and (d) below;

(c) to contract for, and enter into agreements with respect to, the purchase and sale of Permitted Investments in a Collective Fund; and

(d) to acquire Earmarked Trust Property which is a Permitted Investment by lease, purchase, exchange or otherwise, and to dispose of such Earmarked Trust Property.

Section 5.4. Disposition of Assets. Subject in all respects to Article VII hereof, the Board of Trustees shall have full and complete power to sell, exchange or otherwise dispose of any and all Trust Property free and clear of any and all trusts and restrictions, at public or private sale, for cash or on terms, with or without advertisement, and subject to such restrictions, stipulations, agreements and reservations as they shall deem proper, and to execute and deliver any deed, power, assignment, bill of sale or other instrument in connection with the foregoing, including giving consents and making contracts relating to Trust Property or its use.

Section 5.5. Delegation; Committees. The Board of Trustees shall have full and complete power (consistent with its administration of the Trust, the conduct of its affairs, and the investment and disposition of the Trust Property) to delegate from time to time to such one or more of their number (who may be designated and shall constitute a committee of the Board of Trustees) or to officers, employees or agents of the Trust (including without limitation, the Trust Administrator, the Investment Advisor and the Custodian of Investments) the doing of such acts and things and the execution of such instruments either in name of the Board of Trustees or as its attorney or attorneys, or otherwise, as the Board of Trustees may from time to time deem expedient and appropriate in the furtherance of the business affairs and purposes of the Trust.

Section 5.6. Collection. The Board of Trustees shall have full and complete power: (i) to collect, sue for, receive and receipt for all sums of money or other property due to the Trust; (ii) to consent to extensions of the time for payment, or to the renewal of any securities, investments or obligations; (iii) to engage or intervene in, prosecute, defend, compromise, abandon or adjust by arbitration or otherwise any actions, suits, proceedings, disputes, claims, demands or things relating to the Trust Property; (iv) to foreclose any collateral, security or instrument securing any investments, notes, bills, bonds, obligations or contracts by virtue of which any sums of money are owed to the Trust; (v) to exercise any power of sale held by it, and to convey good title thereunder free of any and all trusts, and in connection with any such foreclosure or sale, to purchase or otherwise acquire title to any property; (vi) to be a party to reorganization and to transfer to and deposit with any corporation, committee, voting trustee or other Person any securities, investments or obligations of any Person which form a part of the Trust Property, for the purpose of such reorganization or otherwise; (vii) to participate in any arrangement for enforcing or protecting the interest of the Board of Trustees as the owner or holder of such securities, investments, of obligations, and to pay any assessment levied in connection with such reorganization or arrangement; (viii) to extend the time (with or without security) for payment or delivery of any debts or property and to execute and enter into releases, agreements and other instruments; and (ix) to pay or satisfy any debts or claims upon any evidence that the Board of Trustees shall deem sufficient.

Section 5.7. Payment of Expenses. The Board of Trustees shall have full and complete power: (i) to incur and pay any charges or expenses which in the opinion of the Board of Trustees are necessary or incidental to or proper for carrying out any of the purposes of this Trust Agreement; (ii) to reimburse others for the payment thereof; and (iii) to pay appropriate compensation or fees from the funds of the Trust to Persons with whom the Board of Trustees has contracted or transacted business. The Board of Trustees shall fix the compensation, if any, of all officers, employees and agents of the Trust. The Board of Trustees may reimburse any Trustee for expenses actually and reasonably incurred by such Trustee on behalf of the Trust.

Section 5.8. Borrowing and Indebtedness. The Board shall not have the power to borrow money or incur indebtedness on behalf of the Trust or authorize the Trust to borrow money or incur indebtedness except as authorized in Section 7.2(ii).

Section 5.9. Deposits. The Board of Trustees shall have full and complete power to deposit, in such manner as may now and hereafter be permitted by law, any moneys or funds included in the Trust Property and intended to be used for the payment of expenses of the Trust or the Board of Trustees in interest-bearing accounts with one or more banks, trust companies, savings and loan associations or other financial institutions, provided such deposits are, at the time they are made, Permitted Investments. Such deposits shall be subject to withdrawal at such time and in such manner as the Board of Trustees may determine, and the Board of Trustees shall have no responsibility for any loss which may occur by reason of the failure of the depository.

Section 5.10. Valuation. The Board of Trustees shall have full and complete power to determine in good faith conclusively the value of any of the Trust Property and to revalue the Trust Property.

Section 5.11. Fiscal Year: Accounts. The Board of Trustees shall have full and complete power to determine the fiscal year of the Trust and the method or form in which its accounts shall be kept and from time to time to change the fiscal year or method or form of accounts. Unless otherwise determined by the Board of Trustees pursuant to this Section 5.11, the fiscal year of the Trust shall terminate on June 30 and commence on July 1 of each year.

Section 5.12. Affiliates. The Trust may enter into contracts or transactions with any affiliate of a Trustee if it is in the normal course of the business of the Trust.

Section 5.13. Investment Program. The Board of Trustees shall use their best efforts, with the assistance of the Investment Advisor, the Custodian of Investments and the Trust Administrator, to make available a continuing and suitable investment program for the Participants, consistent with the investment policies and objectives of the Trust set forth in Article VII of this Trust Agreement, and the Board of Trustees shall be responsible for reviewing and approving or rejecting the investment program presented by the Investment Advisor. Subject to the provisions of Sections 5.5 and 6.1 hereof, the Board of Trustees may delegate functions arising under this Section 5.13 to one or more Trustees. Subject to the provisions of Article VII of this Trust Agreement, the Board of Trustees, with the assistance of the Investment Advisor, the Custodian of Investments and the Trust Administrator, shall make available to Participants through the Trust suitable investments selected or

designated by the Pension Fund Board of Trustees of a Participant, unless the Board of Trustees determines, in its sole discretion, that it would be illegal, unauthorized, imprudent, unfeasible or impractical to make, support or pursue such directed or designated investment activity through the Trust.

Section 5.14. Power to Contract, Appoint, Retain and Employ. Subject to the provisions of Sections 5.5 and 6.1 hereof with respect to delegation of authority by the Board of Trustees, the Board of Trustees shall have full and complete power to appoint, employ, retain or contract on behalf of the Trust with any Person of suitable qualifications and high repute (including any corporation, partnership, trust or other entity of which no Trustee may be an Affiliate) as the Board of Trustees may deem necessary or desirable for the transaction of the affairs of the Trust, including any Person or Persons who, under the supervision of the Board of Trustees, may, among other things: (i) serve as the Investment Advisor; (ii) serve as the Trust Administrator; (iii) serve as the Custodian of Investments; (iv) market the trust investment program; (v) furnish reports to the Board of Trustees and provide research, economic, and statistical data in connection with the Trust's investments; (vi) act as consultants, accountants, technical advisors, attorneys, brokers, underwriters, corporate fiduciaries, escrow agents, depositories, custodians or agents for collection, insurers or insurance agents, registrar for Units or in any other capacity deemed by the Board of Trustees to be necessary or desirable; (vii) investigate, select and, on behalf of the Trust, conduct relations with Persons acting in such capacities and pay appropriate fees to, and enter into appropriate contracts with, or employ, or retain services performed or to be performed by, any of them in connection with the investments acquired, sold or otherwise disposed of, or committed, negotiated or contemplated to be acquired, sold or otherwise disposed of; (viii) substitute any other Person for any such Persons; (ix) act as attorney-in-fact or agent in the purchase or sale or other disposition of investments, and in the handling, prosecuting or other enforcement of any lien or security securing investments; and (x) assist in the performance of such managerial functions necessary in the management of the Trust as may be agreed upon with the Board of Trustees.

Section 5.15. Insurance. The Board of Trustees shall have full and complete power to purchase and pay for, entirely out of Trust Property, insurance policies, or other forms of risk coverage, to insure or protect the Trust and members of the Board of Trustees, officers, employees and agents, of the Trust individually against all claims and liabilities of every nature arising by reason of holding or having held any such office or position, or by reason of any action alleged to have been taken or omitted by the Trust or any such Person as member of the Board of Trustees, officer, employee or agent, including any action taken or omitted that may be determined to constitute negligence, whether or not the Trust would have the power to indemnify such Person against such liability. The Board of Trustees is authorized to obtain such coverage from the Arkansas Municipal League Legal Defense Fund.

Section 5.16. Seal. The Board of Trustees shall have full and complete power to adopt and use a seal for the Trust but, unless otherwise required by the Board of Trustees, it shall not be necessary for the seal to be placed on, and its absence shall not impair the validity of, any document, instrument or other paper executed and delivered by or on behalf of the Trust.

Section 5.17. Indemnification. In addition to the mandatory indemnification provided for in Section 8.3 hereof, the Board of Trustees shall have full and complete power, to the extent permitted by applicable laws, to indemnify or enter into agreements with respect to indemnification with any Person with whom the Trust or the Board of Trustees has dealings including, without limitation, the Investment Advisor, the Trust Administrator and the Custodian of Investments, to such extent as the Board of Trustees shall determine.

Section 5.18. Remedies. Notwithstanding any other provision in this Trust Agreement, when the Board of Trustees deems that there is a significant risk that an obligor to the Trust may default or is in default under the terms of any obligation to the Trust, the Board of Trustees shall have full power to pursue any remedies permitted by law which in its sole judgment, are in the interests of the Trust, and the Board of Trustees shall have full and complete power to enter into any investment, commitment or obligation of the Trust resulting from the pursuit of such remedies as are necessary or desirable to dispose of property acquired in the pursuit of such remedies.

Section 5.19. Information Statement. The Board of Trustees shall prepare, publish and distribute the Information Statement and amend or supplement the same from time to time.

Section 5.20. Reports. The Board of Trustees shall cause to be prepared annually: (i) a report of operations containing a statement of assets and liabilities and statements of operation and of changes in net assets of the Trust prepared in conformity with generally accepted accounting principles for and as of the end of the most recently completed fiscal year of the Trust; (ii) an opinion of an independent certified public accountant on such financial statements based on an examination of the books and records of the Trust made in accordance with generally accepted auditing standards; and (iii) sufficient information to establish the Trust's compliance for such fiscal year with the investment policy established pursuant to this Agreement. A signed copy of such report and opinion shall be filed with the Board of Trustees within one hundred twenty (120) days after the close of the fiscal year covered thereby. Within five (5) days from the receipt thereof, the Board of Trustees shall cause a copy of such documents to be mailed to each Participant of record, by first class mail, postage prepaid. The Board of Trustees shall, in addition, furnish quarterly to each Participant a copy of an interim report containing an unaudited balance sheet of the Trust as at the end of such quarterly period and statements of operations and changes in net assets for the period from the beginning of the then current fiscal year to the end of such quarterly period. The Trust, with the assistance of the Custodian of Investments, the Trust Administrator and the Investment Advisor, shall prepare and furnish to each Participant on a quarterly basis a report showing all deposits into and disbursements from the Trust for the account of such Participant during the applicable quarterly period, identifying the investments held for the account of such Participant during such period and the amounts of such investments, disclosing the performance of such investments during such period and showing the beginning and ending balance of such Participant's assets held through the Trust during such period.

Section 5.21. Further Powers. The Board of Trustees shall have full and complete power to take all such actions, do all such matters and things and execute all such instruments as it deems necessary, proper or desirable in order to carry out, promote or advance the interests and purposes of the Trust although such actions, matters or things are not herein specifically mentioned. Any determination as to what is in the best interests of the Trust made by the Board of Trustees in good

faith shall be conclusive. In construing the provisions of this Trust Agreement, the presumption shall be in favor of a grant of power to the Board of Trustees. The Board of Trustees shall not be required to obtain any court order to deal with the Trust Property.

ARTICLE VI
THE INVESTMENT ADVISOR, TRUST ADMINISTRATOR
AND CUSTODIAN OF INVESTMENTS

Section 6.1. Employment. The Board of Trustees is responsible for the investments of the Trust consistent with this Trust Agreement and for the general administration of the business and affairs of the Trust conducted by the officers, agents, employees, investment advisors, administrators, distributors or independent contractors of the Trust. However, the Trustees shall not personally conduct all of the routine business of the Trust and, consistent with their responsibility as stated herein, the Board of Trustees shall employ on behalf of the Trust the Investment Advisor as an investment advisor to the Board of Trustees, the Trust Administrator as an administrator for the Trust and the Custodian of Investments as the custodian of Trust Property. The same Person may serve simultaneously as the Trust Administrator, the Investment Advisor and/or the Custodian of Investments. Subject to the provisions of Section 6.2, Stephens Capital Management Company, a division of Stephens, Inc., is hereby appointed the Investment Advisor. Subject to the provisions of Section 6.3, the Arkansas Municipal League is hereby appointed the Trust Administrator. Subject to the provisions of Section 6.4, Metropolitan National Bank is hereby appointed the Custodian of Investments.

Section 6.2. Duties of the Investment Advisor. The duties of the Investment Advisor shall be those set forth in the Joinder Agreement and the Investment Advisory Agreement. Subject to Article VII hereof, the Board of Trustees may authorize the Investment Advisor to effect purchases, sales or exchanges of Trust Property on behalf of the Board of Trustees or may authorize any officer, employee, agent or member of the Board of Trustees to effect such purchases, sales or exchanges pursuant to recommendations of the Investment Advisor, all without further action by the Board of Trustees. Any and all of such purchases, sales and exchanges shall be deemed to be authorized by the Board of Trustees. The Investment Advisory Agreement may authorize the Investment Advisor to employ other Persons to assist it in the performance of its duties.

Section 6.3. Duties of the Trust Administrator. The duties of the Trust Administrator shall be to provide day to day contact and information for the Participants; to approve and direct the payment of costs and expenses of the Trust; to provide overall supervision and direction for the operation of the Trust; to provide regular reports and recommendations to the Board of Trustees on the operations of the Trust; and perform other acts on behalf of the Board of Trustees as authorized by the Board of Trustees.

Section 6.4. Duties of the Custodian of Investments. The duties of the Custodian of Investments shall be to act as a paying agent for disbursements to be made from the Trust and as a safekeeping agent for investments of the Trust, in accordance with a written contract for custodial services between the Trust and the Custodian of Investments. Securities owned by the Trust must be held in a book entry system by a bank depository, which is a member of the Federal Reserve, in a

customer account or street name of the Custodian of Investments. The Custodian of Investments shall maintain records which show the Trust as the owner of all securities owned by the Trust and shall prepare and provide reports for the Trust, the Trust Administrator, the Participants and the Investment Advisor.

Section 6.5. Successors. In the event that, at any time, the position of Investment Advisor, Trust Administrator or Custodian of Investments shall become vacant for any reason, the Board of Trustees may appoint, employ or contract with a successor Investment Advisor, Trust Administrator or Custodian of Investments.

ARTICLE VII INVESTMENTS

Section 7.1. Investment Policy. In accordance with Ark. Code Ann. Section 24-10-402, in consultation with the Pension Fund Board of Trustees of each Participant, the Investment Advisor shall formulate the policy to be followed in future investment activity by such Participant, and shall promptly furnish copies of such investment policy, or any changes in such policy, to such Participant's Pension Fund Board of Trustees and to the Board of Trustees. The Pension Fund Board of Trustees of each Participant shall have the independent duty and authority to adopt an investment policy for such Participant and to implement its investment policy through the investment activities in which it engages. Each Participant shall promptly furnish copies of its investment policy, or any changes in its policy, to the Investment Advisor and to the Board of Trustees.

Additionally, in consultation with the Board of Trustees, the Investment Advisor shall formulate the policy to be followed in future investment activity by the Trust, and shall promptly furnish copies of such investment policy, or any changes in such policy, to the Board of Trustees.

Section 7.2. Restrictions Fundamental to the Trust. Notwithstanding anything in this Trust Agreement which may be deemed to authorize the contrary, the Board of Trustees:

(i) may make any investment authorized by applicable provisions of Arkansas State statutes, as the same may be adopted or amended from time to time, all as herein defined as Permitted Investments, but may not make any investment other than investments authorized by applicable provisions of Arkansas State statutes, as the same may be adopted or amended from time to time, all as herein defined as Permitted Investments; and the Board of Trustees and the Trust shall have no responsibility or liability for the failure of any Participant to comply with investment restrictions set forth in a Participant's governing document(s) or ordinances, if such investment restrictions are more restrictive than those provided herein;

(ii) may not borrow money or incur indebtedness, whether or not the proceeds thereof are intended to be used to purchase Permitted Investments, except as a temporary measure to facilitate withdrawal requests which might otherwise require unscheduled dispositions of portfolio investments and only as and to the extent permitted by law;

(iii) may not make loans, unless such loans are Permitted Investments; and

(iv) may not hold or provide for the custody of any Trust Property in a manner not authorized by law or by any institution or Person not authorized by law.

Section 7.3. Amendment of Restrictions. The restrictions set forth in Section 7.2 hereof are fundamental to the operation and activities of the Trust and may not be changed without the affirmative vote of a majority of the Participants, except that such restrictions may be changed by the Board of Trustees so as to make them more restrictive when necessary to conform the investment program and activities of the Trust to the laws of the State and the United States of America as they may from time to time be amended.

Section 7.4. Maximum Aggregate Investment of Participants. The Board of Trustees may from time to time determine the maximum total investment for each Participant in a Collective Fund.

Section 7.5. Minimum Investment. The Board of Trustees may from time to time determine a minimum total investment for each Participant in a Collective Fund.

Section 7.6. Closing an Investment in a Collective Fund. Whenever a Participant's investment in a Collective Fund is less than the minimum established by the Board of Trustees, the Board of Trustees may redeem the Units representing such balance and close the Participant's investment in such Collective Fund, provided that thirty days' prior notice is given to such Participant. If the Board of Trustees changes the minimum total investment to an amount greater than the investment of any Participant at the time that such change becomes effective, the investment of such Participant shall not be redeemed without such Participant's consent.

Section 7.7. Collected Funds. Deposits to the Trust may be made by check or wire transfer, but must be collected funds before they will be invested in a Collective Fund or other Permitted Investment.

Section 7.8. To the extent permitted by applicable law, the Pension Fund Board of Trustees for each Participant shall have authority, at the sole cost and expense of such Participant, to direct or designate any specific investment activity not recommended by the Investment Advisor involving assets of such Participant held through the Trust, and such Participant shall be fully responsible for such investment direction or designation and for any and all losses or liabilities that may arise therefrom; and such Participant shall indemnify and hold harmless the Trust, the Investment Advisor, the Trust Administrator and the Custodian of Investments, and their respective Trustees, Boards, Directors, Officers, Shareholders, Employees and Agents from and against any and all claims, damages, losses, obligations, liabilities and expenses, including without limitation reasonable attorneys' fees and disbursements, arising out of any such investment direction or designation. In any event, the Trust shall have no obligation to make, pursue or support any such directed or designated investment activity through the Trust, if the Board of Trustees determines, in its sole discretion, that it would be illegal, unauthorized, imprudent, unfeasible or impractical to make, support or pursue such directed or designated investment activity through the Trust.

ARTICLE VIII LIMITATIONS OF LIABILITY

Section 8.1. Liability to Third Persons. No member of a Pension Fund Board of Trustees shall be subject to any personal liability whatsoever, in tort, contract or otherwise to any Person or Persons in connection with Trust Property or the affairs of the Trust. No member of the Board of Trustees, officer, employee, advisor, consultant or agent of the Trust shall be subject to any personal liability whatsoever in tort, contract or otherwise, to any other Person or Persons in connection with Trust Property or the affairs of the Trust, except that each shall be personally liable for his bad faith, willful misconduct, gross negligence or reckless disregard of his duties or his failure to act in good faith in the reasonable belief that his action was in the best interests of the Trust. All such third Persons shall look solely to the Trust Property for satisfaction of claims of any nature arising in connection with the affairs of the Trust.

Section 8.2. Liability to the Trust or to the Participants. No Trustee, officer, employee, advisor, consultant or agent of the Trust shall be liable to the Trust or to any Participant, Trustee, officer, employee, advisor, consultant or agent of the Trust for any action or failure to act (including, without limitation, the failure to compel in any way any former or acting Trustee to redress any breach of trust) except for his own bad faith, willful misfeasance, gross negligence or reckless disregard of his duties. The provisions of this Section 8.2 shall not limit the liability of any agent (including, without limitation, the Investment Advisor, the Trust Administrator and the Custodian of Investments) of the Trust with respect to breaches by it of a contract between it and the Board of Trustees.

Section 8.3. Indemnification.

(a) The Trust shall indemnify, but only to the extent of the earnings of the Trust, each of the Trustees and such officers, employees, advisors, consultants and agents as are designated by the Board of Trustees to receive such indemnification, against all liabilities and expenses (including, without limitation, amounts paid in satisfaction of judgments, in compromise or as fines and penalties, and counsel fees) reasonably incurred by him in connection with the defense or disposition of any action, suit or other proceeding by the Trust or any other Person, whether civil or criminal, in which he may be involved or with which he may be threatened, while in office or thereafter, by reason of his being or having been such a Trustee, officer, employee, advisor, consultant or agent, except as to any matter as to which he shall have been adjudicated to have acted in bad faith or with willful misfeasance or reckless disregard of his duties or gross negligence or, in the case of the Investment Advisor, the Trust Administrator or the Custodian of Investments in willful or negligent violation of the restrictions on investments of the Trust Property. The provisions of this Section 8.3 shall not be construed to permit the indemnification of any agent of the Trust with respect to breaches by it of a contract between it and the Board of Trustees. As to any matter disposed of by a compromise payment by the Trustee, officer, employee, advisor, consultant or agent pursuant to a consent decree or otherwise, no indemnification either for said payment or for any other expenses shall be provided unless the Trust shall have received a written opinion from independent counsel approved by the Board of Trustees to the effect that such compromise payment was generally consistent with the probable outcome of litigation. No Participant shall be liable to any Person with

respect to any claim for indemnity or reimbursement, and any Trustee, officer, employee, advisor, consultant or agent may satisfy any right of indemnity or reimbursement granted herein or to which he may be otherwise entitled only out of the earnings of the Trust. The Board of Trustees may make advance payments in connection with indemnification under this paragraph (a) of this Section 8.3, provided that the indemnified Trustee, officer, employee, advisor, consultant or agent shall have given a written undertaking to reimburse the Trust in the event that it is subsequently determined that he is not entitled to such indemnification.

(b) Any action taken by or conduct on the part of the Custodian of Investments, the Investment Advisor, the Trust Administrator, a Trustee, an officer, an employee or an agent of the Trust in conformity with, or in good faith reliance upon, the provisions of Section 8.7 hereof shall not, for the purpose of this Trust Agreement (including, without limitation, Sections 8.1 and 8.2 and this Section 8.3) constitute bad faith, willful misfeasance, gross negligence or reckless disregard of his duties.

Section 8.4. Surety Bonds. No Trustee shall, as such, be obligated to give any bond or surety or other security for the performance of any of his duties.

Section 8.5. Apparent Authority. No purchaser, seller, transfer agent or other Person dealing with the Board of Trustees or the Investment Advisor shall be bound to make any inquiry concerning the authority of the Board of Trustees or the Investment Advisor with regard to the validity of any transaction purporting to be made by the Board of Trustees or the Investment Advisor or make inquiry concerning or be liable for the application of money or property paid, transferred or delivered to or on the order of the Board of Trustees or the Investment Advisor.

Section 8.6. Recitals. Any written instrument creating an obligation of the Trust shall be conclusively taken to have been executed by the Board of Trustees or a Trustee, officer, employee or agent of the Trust only in such capacity under this Trust Agreement. Any written instrument creating an obligation of the Trust shall refer to this Trust Agreement and contain a recital to the effect that the obligations thereunder are not personally binding upon, nor shall resort be had to the property of, any of the Trustees, Participants, officers, employees or agents of the Trust, and that only the Trust Property or a specific portion thereof shall be bound, and such written instrument may contain any further similar recital which may be deemed appropriate. The omission of any recital required pursuant to this Section 8.6 shall not operate to impose personal liability upon any of the Trustees, Participants, officers, employees or agents of the Trust.

Section 8.7. Reliance on Experts. Etc. Each Trustee and each officer of the Trust shall, in the performance of his duties, be fully and completely justified and protected with regard to any act or failure to act resulting from reliance in good faith upon the books of account or other records of the Trust, upon an opinion of counsel or upon reports made to the Trust by any of its officers or employees or by the Investment Advisor, the Trust Administrator, the Custodian of Investments, accountants, appraisers or other experts or consultants selected with reasonable care by the Board of Trustees or officers of the Trust.

Section 8.8. Liability Insurance. The Board of Trustees may obtain insurance or other forms of risk coverage for the protection of the Trust Property, and the Trustees, Participants, officers, employees and agents of the Trust in such amount as the Board of Trustees shall deem adequate to cover all foreseeable tort and contract liability to the extent available at reasonable rates. The Board of Trustees is authorized to obtain such coverage from the Arkansas Municipal League Legal Defense Fund.

ARTICLE IX UNITS OF PARTICIPATION IN A COLLECTIVE FUND

Section 9.1. Division Into Units. Collective Fund Assets held for the credit of a Collective Fund shall be divided into Units of participation, and each Participant who invests in such Collective Fund shall be the owner of such Units in proportion to the amount of the Participant's investment. The number of Units that may be used to measure and represent the proportionate allocation of beneficial interest among Participants is unlimited. All Units of a Collective Fund shall be of one class representing equal distribution, liquidation and other rights with respect to the Collective Fund. The beneficial interests hereunder measured by the Units shall not entitle a Participant in a Collective Fund to preference, preemptive, appraisal, conversion or exchange rights of any kind with respect to the Collective Fund Assets.

Section 9.2. Allocation of Units.

(a) The Board of Trustees, in its discretion, may, from time to time, allocate Units, in addition to the then allocated Units, to Participants in a Collective Fund for such amounts and such types of consideration, and on such terms as the Board of Trustees may deem best. In connection with any allocation of Units, the Board of Trustees may allocate fractional Units. The Board of Trustees may from time to time adjust the total number of Units allocated to a Collective Fund without thereby changing the proportionate beneficial interests in the Collective Fund.

(b) Units may be allocated only to Pension Funds that have become Participants in accordance with Section 2.1 hereof.

(c) The minimum amount of funds which must be maintained in a Collective Fund by a Participant at any one time shall be as set forth in the Information Statement.

Section 9.3. Evidence of Unit Allocation. Evidence of Unit allocation of a Collective Fund shall be reflected in the Unit Register maintained by or on behalf of the Trust pursuant to Section 10.1 hereof, and the Trust shall not be required to issue certificates as evidence of Unit allocation.

Section 9.4. Redemption of Units Attributable to Income. Units attributable to income shall be subject to redemption pursuant to the procedure set forth in Section 11.2.

Section 9.5. Redemption of Units at the Request of a Participant. Payments by the Board of Trustees to Participants, and the reduction of Units resulting therefrom, are, for convenience, referred to in this Trust Agreement as "redemptions." Any and all allocated Units may be redeemed at the

option of the Participant whose beneficial interest in a Collective Fund is measured by such Units, upon and subject to the terms and conditions provided in this Trust Agreement and the Information Statement. The Trust shall, upon application of any Participant, promptly redeem from such Participant allocated Units for an amount per Unit equivalent to the proportionate interest measured by each Unit in the net assets of the Collective Fund at the time of redemption. The procedures for effecting redemption shall be adopted by the Board of Trustees and as set forth in the Information Statement of the Trust, as the same may be amended from time to time; provided, however, that such procedures shall not be structured so as to restrict substantially and materially the ability of a Participant to withdraw funds from the Trust by the redemption of Units.

Section 9.6. Suspension of Redemption; Postponement of Payment. Each Participant, by its adoption of this Trust Agreement, agrees that the Board of Trustees may, without the necessity of a formal meeting of the Board of Trustees, temporarily suspend the right of redemption or postpone the date of payment for redirected Units for the whole or any part of any period (i) during which there shall have occurred any state of war, national emergency, banking moratorium or suspension of payments by banks in the State of Arkansas or any general suspension of trading or limitation of prices on the New York Stock Exchange, American Stock Exchange or the NASDAQ trading system (other than customary weekend and holiday closings) or (ii) during which any financial emergency situation exists as a result of which disposal by the Trust of Trust Property is not reasonably practicable because of the substantial losses which might be incurred or it is not reasonably practicable for the Trust fairly to determine the value of its net assets. Such suspension or postponement shall not alter or affect a Participant's beneficial interest hereunder as measured by its Units or the accrued interest and earnings thereon. Such suspension or payment shall take effect at such time as the Board of Trustees shall specify but not later than the close of business on the business day next following the declaration of suspension, and thereafter there shall be no right of redemption or payment until the Board of Trustees shall declare the suspension or postponement at an end, except that the suspension or postponement shall terminate in any event on the first day on which the period specified in the clause (i) or (ii) above shall have expired (as to which, the determination of the Board of Trustees shall be conclusive). In the case of a suspension of the right of redemption or a postponement of payment for redeemed Units, a Participant may either (i) withdraw its request for redemption or (ii) receive payment based on the net asset value existing after the termination of the suspension.

Section 9.7. Minimum Redemption. The minimum redemption from a Collective Fund shall be as set forth in the Information Statement.

Section 9.8. Defective Redemption Requests. In the event that a Participant shall submit a request for the redemption of a greater number of Units than are then allocated to such Participant, such request shall not be honored. Each Participant, by its adoption of this Trust Agreement, agrees that the Board of Trustees shall have full and complete power to redeem an amount of the Units allocated to such Participant, at a redemption price determined in accordance with Section 9.5 hereof, sufficient to reimburse the Trust for any fees, expenses, costs or penalties actually incurred by the Trust as a result of such defective redemption request.

ARTICLE X RECORD OF UNITS

Section 10.1. Unit Register. The Unit Register shall be kept by or on behalf of the Board of Trustees and shall contain (i) the names and addresses of the Participants, (ii) the number of Units representing their respective beneficial interests in a Collective Fund, and (iii) a record of all allocations and redemptions thereof. Such Unit Register shall be conclusive as to the identity of the Participants to which the Units are allocated. Only Participants whose allocation of Units is recorded on such Unit Register shall be entitled to receive distributions with respect to Units or otherwise to exercise or enjoy the rights and benefits related to the beneficial interest hereunder represented by the Units. No Participant shall be entitled to receive any distribution or to have notices given to it as herein provided until it has given its appropriate address to such officer or agent of the Trust as shall keep the Unit Register for entry thereon.

Section 10.2. Registrar. The Board of Trustees shall have full and complete power to employ a registrar. Unless otherwise determined by the Board of Trustees, the Unit Register shall be kept by the Custodian for Investments which shall serve as the registrar for the Trust. The registrar shall record the original allocations of Units in the Unit Register. Such registrar shall perform the duties usually performed by registrars of certificates and shares of stock in a corporation, except as such duties may be modified by the Board of Trustees.

Section 10.3. Owner of Record. No Person becoming entitled to any Units in consequence of the merger, reorganization, consolidation, bankruptcy or insolvency of any Participant or otherwise by operation of law shall be recorded as the Participant to which such Units are allocated. Such Person may become entitled to the redemption value of such Units as provided by law. Upon such Person becoming entitled to such redemption value and applying for the payment thereof and presenting proof of such entitlement as the Board of Trustees may in its sole discretion deem appropriate, the Participant of record to which such Units are allocated shall be deemed to be the Participant to which such Units are allocated under Section 9.2 hereof, and neither the Board of Trustees, the registrar nor any officer or agent of the Trust shall be affected for purposes of recording allocation of Units by any notice of such merger, reorganization, consolidation, bankruptcy, insolvency or other event.

Section 10.4. No Transfer of Units. The beneficial interests measured by the Units shall not be transferable, in whole or in part, other than to the Trust itself for purposes of redemption.

Section 10.5. Limitation of Responsibility. The Board of Trustees shall not, nor shall the Participants or any officer, registrar or other agent of the Trust, be bound to determine the existence of any trust, express, implied or constructive, or of any charge, pledge or equity to which any of the Units or any interest therein are subject, or to ascertain or inquire whether any redemption of any such Units by any Participant or its representatives is authorized by such trust, charge, pledge or equity; or to recognize any Person as having any interest therein except the Participant recorded as the Participant to which such Units are allocated. The receipt of moneys by the Participant in whose name any Unit is recorded or by the duly authorized agent of such Participant shall be a sufficient

discharge for all moneys payable or deliverable in respect of such Unit and from all responsibility to see to the proper application thereof.

Section 10.6. Notices. Any and all notices to which Participants may be entitled and any and all communications shall be deemed duly served or given if mailed, postage prepaid, addressed to Participants of record at their last known post office addresses as recorded on the Unit Register provided for in Section 10.1 hereof.

ARTICLE XI DETERMINATION OF NET ASSET VALUE AND NET INCOME OF A COLLECTIVE FUND

Section 11.1. Net Asset Value. The net asset value of each allocated Unit of a Collective Fund shall be determined once on each business day and at such other times as the Board of Trustees by resolution may determine. The method of determining net asset value of a Collective Fund shall be established by the Board of Trustees and shall be set forth in the Information Statement. The duty to make the daily calculations may be delegated by the Board of Trustees to such person as the Board of Trustees may designate. If the Board of Trustees intends to maintain a constant net asset value for a Collective Fund of \$1.00 per Unit and, in the opinion of the Board of Trustees, circumstances arise which present a significant risk that the price per Unit might change, the Board of Trustees may take whatever corrective actions they deem advisable in the circumstances, including reducing on a pro rata basis each Participant's Units in the event of losses, distributing additional Units in the event of gains, suspension or rescission of dividends, declaration of a special capital distribution, sales of Collective Fund securities prior to maturity to reduce average maturity or to realize capital gains or losses, or redemption of Units in kind, in an endeavor to maintain a net asset value of \$1.00 per Unit.

Section 11.2. Net Income. The net income (including unrealized gains and losses on the portfolio assets) of a Collective Fund shall be determined once on each business day and at such other times as the Board of Trustees may determine. The method of determining net income of a Collective Fund shall be established by the Board of Trustees and shall be set forth in the Information Statement. The duty to make the daily calculations may be delegated by the Board of Trustees to such person as the Board of Trustees may designate. Net income may be accrued and not converted into actual Units credited to the Participant and available for redemption until on or after the end of the calendar month during which the Units accrued.

ARTICLE XII RECORDING OF TRUST AGREEMENT

Section 12.1. Recording. This Trust Agreement, each Joinder Agreement and any amendment hereto may be filed, recorded or lodged as a document of public record in such place or places and with such official or officials as the Board of Trustees may deem appropriate. A Trust Agreement amended pursuant to Section 13.1, containing or restating this original Trust Agreement and all amendments therefore made, shall, upon filing, recording, or lodging in the manner contemplated hereby, be conclusive evidence of all amendments contained therein and may thereafter be referred to in lieu of the original Trust Agreement and the various amendments thereto. Notwithstanding the

foregoing provisions of this Section 12.1, no filing or recordation pursuant to the terms of this Section 12.1 shall be a condition precedent to the effectiveness of this Trust Agreement, any Joinder Agreement or amendment hereto.

ARTICLE XIII
AMENDMENT OR TERMINATION OF TRUST; DURATION OF THE TRUST

Section 13.1. Amendment or Termination.

(a) Except as provided in [*Section 7.4?*], the provisions of this Trust Agreement may be amended or altered, or the Trust may be terminated, at any meeting of the Board of Trustees by the affirmative vote of two-thirds (2/3) of the Board of Trustees, or by an instrument or instruments in writing, without a meeting, signed by two-thirds (2/3) of the Board of Trustees.

(b) Upon the termination of the Trust pursuant to this Section 13.1:

(i) The Trust shall carry on no business except for the purpose of winding up its affairs;

(ii) The Board of Trustees shall proceed to wind up the affairs of the Trust and all of the powers of the Board of Trustees under this Trust Agreement shall continue until the affairs of the Trust shall have been wound up, including, without limitation, the power to fulfill or discharge the contracts of the Trust, collect its assets, sell, convey, assign, exchange, transfer or otherwise dispose of all or any part of the remaining Trust Property to one or more Persons at public or private sale for consideration which may consist in whole or in part of cash, securities or other property of any kind, discharge or pay its liabilities, and do all other acts appropriate to liquidate its affairs; provided, however, that any sale, conveyance, assignment, exchange, transfer or other dispositions of all or substantially all of the Trust Property shall require approval of the principal terms of the transaction and the nature and amount of the consideration by the affirmative vote of not less than a majority of the Trustees; and

(iii) After paying or adequately providing for the payment of all liabilities, and upon receipt of such releases, indemnities and refunding agreements as they deem necessary for their protection, the Board of Trustees shall distribute Earmarked Property in kind to the Participant with the beneficial interest in such property and Collective Fund Assets , in cash, in kind or partly in each, among the Participants in proportion to their allocation of Units in the Collective Funds and .

(d) Upon termination of the Trust and distribution to the Participants as herein provided, a majority of the Trustees shall execute and lodge among the records of the Trust an instrument in writing setting forth the fact of such termination, and the Board of Trustees shall thereupon be discharged from all further liabilities and duties hereunder, and the right, title and interest of all Participants shall cease and be canceled and discharged.

Section 13.2. Duration. The Trust shall continue in existence in perpetuity, subject in all respects to the provisions of this Article XIII.

ARTICLE XIV MISCELLANEOUS

Section 14.1. Governing Law. This Trust Agreement and the rights of all parties and the validity, construction and effect of every provision hereof shall be subject to and construed according to the laws of the State.

Section 14.2. Counterparts. This Trust Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original, and such counterparts, together, shall constitute but one and the same instrument, which shall be sufficiently evidenced by any such original counterpart.

Section 14.3. Reliance by Third Parties. Any certificate executed by an individual who, according to the records of the Trust, or of any official or public body or office in which this Trust Agreement may be recorded, appears to be a Trustee hereunder or the Secretary or the Treasurer of the Board of Trustees, certifying to (i) the number or identity of the Trustees or Participants; (ii) the due authorization of the execution of any instrument or writing; (iii) the form of any vote passed at a meeting of the Board of Trustees or Participants; (iv) the fact that the number of Trustees or Participants present at any meeting or executing any written instrument satisfies the requirements of this Trust Agreement; (v) the form of any by-laws adopted by or the identity of any officers elected by the Board of Trustees; or (vi) the existence of any fact or facts which in any manner related to the affairs of the Trust, shall be conclusive evidence as to the matters to be certified in favor of any Person dealing with the Board of Trustees or any of them or the Trust and the successors of such Person.

Section 14.4. Provisions in Conflict with Law. The provisions of this Trust Agreement are severable, and if the Board of Trustees shall determine, with the advice of counsel, that any one or more of such provisions (the "Conflicting Provisions") are in conflict with applicable federal or Arkansas laws, the Conflicting Provisions shall be deemed never to have constituted a part of this Trust Agreement. Such a determination by the Board of Trustees shall not affect or impair any of the remaining provisions of this Trust Agreement or render invalid or improper any action taken or omitted (including, but not limited to, the election of the Board of Trustees) prior to such determination.

Section 14.5. Gender: Section Headings.

(a) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders, and words importing the singular number shall mean and include the plural number and vice versa.

(b) Any headings preceding the texts of the several Articles and Sections of this Trust Agreement and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall neither constitute a part of this Trust Agreement nor affect its meaning, construction, or effect.

Executed effective as of August 14, 2004, by the undersigned members of the Board of Trustees.

Mayor Rick Hallen _____
John F. Walden _____
Leon Allen _____

