

**SEPARATE TRUST AGREEMENT FOR THE RETIREMENT PLAN
FOR NON-UNIFORM EMPLOYEES OF THE
CITY OF JONESBORO, ARKANSAS
AND TRUSTEE RESPONSIBILITIES**

1.1 Purpose of the Trust. This Trust is created for the purpose of receiving contributions to the Retirement Plan of City of Jonesboro, Arkansas (the "Plan") that are contributed by the City of Jonesboro (the "Employer"). The Trust will hold the contributions for the payment of the accrued benefits under the Plan.

1.2 Establishment and Acceptance of Trust. The Trustee shall receive any contributions paid to it in

- (a) cash or
- (b) any other property that is approved by the Employer for acceptance by the Trustee.

All contributions so received together with the income therefrom shall be held, managed, and administered in the Trust fund pursuant to the terms of this Agreement and may not be diverted to or used for other than the exclusive benefit of the participants under the Plan (the "Participants") or their beneficiaries. The Trustee hereby accepts the Trust created hereunder and agrees to perform the duties under this Agreement on its part to be performed.

1.3 Selection of Trustee. The Trustee or Trustees shall be selected by the Employer and may be removed by the Employer at any time upon written notice to the Trustee. The Trustee shall have the right to resign at any time by giving written notice to the Employer. The Trustee may be removed upon 10 days written notice from the Employer. Immediately after the removal or resignation of the Trustee, the Employer shall appoint a successor Trustee, who shall qualify by delivering a written acceptance to the Employer and to the resigning Trustee. The resigning Trustee shall forthwith file with the Employer a written account of its acts from the date of its last previous annual account to the date of its removal or resignation; and the retiring Trustee shall assign, transfer and pay over to the successor Trustee the assets constituting the Trust fund. The resigning Trustee may have its account settled by a court of competent jurisdiction. Currently, the Trustees are _____

1.4 Powers of the Trustee. The Trustee is, and shall be authorized and empowered in its discretion, but not by way of limitation, to:

- (a) invest and reinvest the principal and the income of the Trust fund and keep the Trust fund invested, without distinction between principal and income, in bonds, insurance policies, mortgages, debentures, preferred or common stocks, stock options, puts, calls, mutual funds, a common Trust fund maintained by a fiduciary which is a bank or an insurance company, and real estate or personal property. The Trustee may invest assets of the Trust fund in the stock or other security, or any evidence of indebtedness of the Trustee or an affiliate of the Trustee. The Trustee may deposit the Plan's assets in an interest bearing account in a financial institution supervised by the United States, or a state, if the financial institution is a fiduciary of the Plan;

- (b) sell, exchange, convey, transfer, or dispose of, and to grant options with respect to, any asset held in the Trust fund. Any sale may be made by the Trustee by private contract or by public auction, and for cash or upon credit, as the Trustee shall be bound to supervise the application of the proceeds of any transaction or to inquire into the validity, expediency or propriety of the transaction;
- (c) retain, manage, operate, repair, improve, mortgage or lease for any period, any real or personal property held by the Trustee, and to purchase and carry insurance in such amount and against such hazards as the Trustee may deem advisable;
- (d) vote in person or by general or limited proxy with respect to any bonds, stocks or other securities held by the Trustee; to exercise any options applicable to any bonds, stocks, or other securities; to exercise any rights, to subscribe for additional bonds, stocks or other securities, and to make any and all necessary payments therefor; to join in, or to dissent from or oppose, the reorganization, recapitalization, consolidation, liquidation, sale or merger of corporations or properties in which the Trustee may be interested, as Trustee, upon the terms and conditions as he may deem prudent;
- (e) accept and hold any securities or other property received by the Trustee, whether or not the Trustee would be authorized to invest in such securities;
- (f) make, execute, acknowledge and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;
- (g) settle, compromise, or submit to arbitration any claim, debts or damages due or owing to or from the Trust fund, to commence or defend suits or legal or administrative proceedings, and to represent the Trust fund in all suits and legal and administrative proceedings;
- (h) The Trustee is authorized to employ attorneys, accountants, investment advisors, specialists, custodians and such other agents as he deems necessary or desirable. The Trustee shall have the authority to appoint an investment manager or managers to manage all or any part of the assets of the Trust, and to delegate to said manager investment discretion. Such appointment shall include the power to acquire and dispose of such assets. The Trustee may charge the compensation of such attorneys, accountants, investment advisors, investment managers, specialists, custodians and other agents and any other expenses against the Trust.
- (i) keep such portion of the Trust fund in cash or cash balances as the Trustee may from time to time deems to be in the best interests of the Trust fund, it being understood that the Trustee shall not be required to pay any interest on any such cash balances;

- (j) keep such records and make such returns and reports as may be required by Trustee of qualified Employee pension benefit plans under the Internal Revenue Code of 1986, (as amended) (the "Code") and regulations issued thereunder;
- (k) borrow or raise money for the purposes of the Trust from others to the extent and upon such terms and conditions as the Trustee may deem desirable or proper; and for any sum so borrowed to issue its promissory note, as Trustee, and to secure the repayment thereof by pledging all or any part of the Trust fund; and no person lending money to the Trustee shall be bound to supervise the application of the money borrowed, or to inquire into the validity, expediency or propriety of any borrowing;
- (l) cause any investments to be registered in, or transferred into, its name as Trustee, or the name of the Trustee's nominee or nominees, or to retain the investment in unregistered form or in a form permitting transfer by delivery only; however, the books and records of the Trustee shall at all times show that all investments are part of the Trust fund;
- (m) require indemnity from Employer, to the Trustee's satisfaction, before taking any action with respect to which the Trustee may have reasonable ground for requesting such indemnification;
- (n) invest in insurance contracts as authorized;
- (o) invest the Trust fund's assets with any other trust which is qualified pursuant to Code § 401(a) on the condition that income and capital shall be divided proportionately between the trusts;
- (p) generally, do all such acts and execute and deliver all such instruments as in the judgment of the Trustee may be necessary or desirable to carry out any powers conferred upon it, without the order of any court, and without having to post bond or make any inventories, returns or reports of its doings to any court;
- (q) perform all acts, whether or not expressly described or referred to above, which the Trustee may deem necessary, proper or desirable for the protection or enhancement of the Trust fund; and
- (r) in addition to the foregoing, the Trustee shall have all the powers authorized by Arkansas Acts of 1961, No. 153, Section 3 (the same being Ark. Code Ann. § 28-69-116) which Act is, by this reference thereto, incorporated herein and made a part hereof as if fully set out, or if Arkansas is not the Employer's principal location, the equivalent trust act of the state of the Employer's principal location.

1.5 Nondiscretionary Trustee. If the Employer designates the Trustee to administer the Trust as a nondiscretionary Trustee, then the Trustee will not have any discretion or authority with regard to the investment of the Trust fund, but must act solely as a directed trustee of the funds contributed to it. A nondiscretionary Trustee, as directed trustee of the funds held by it under the Plan, is authorized and empowered, by way of limitation, with the powers, rights and

duties described in Section 1.4 above, each of which the nondiscretionary Trustee exercises solely as directed trustee in accordance with the written direction of the named fiduciary (except to the extent a Plan asset is subject to the control and the management of a properly appointed Investment Manager (as defined in Section 1.7 below)).

1.6 Establishment of Employer Investment Committee. At the discretion of the Employer, the Employer may establish an Investment Committee which shall assume the responsibility, and be liable for, the making of investments under the Plan. As directed by the Investment Committee, the Trustee shall purchase such securities or other property, including any property authorized under Section 1.4 above, or shall sell such securities, or other property, held as part of the Trust fund, as may be specified in any such direction received in writing from the Investment Committee. The Trustee shall have no obligations whatsoever to seek, or request, any direction from the Investment Committee nor shall the Trustee have any power or authority to dispose of any such securities, or property, acquired pursuant to such direction unless directed by the Investment Committee. The Trustee shall, subject to the limitations herein set forth, be under a duty to comply with any directions when given, but shall have no responsibility whatsoever in connection with any purchase, retention, sale or other acts set forth in the directions from the Investment Committee, other than in compliance with such directions, except as follows:

- (a) The Trustee shall not knowingly participate in or knowingly undertake to conceal an act or omission of any other fiduciary to the Plan with the knowledge that such act or omission of another fiduciary is a breach of this Plan and Trust or of any provision of applicable law.
- (b) The Trustee shall not conduct itself, in the discharge of its specific responsibilities hereunder, in a manner that would enable another fiduciary to commit a breach of this Plan and Trust or of any provision of applicable law.
- (c) If the Trustee has knowledge of a breach by another fiduciary to the Plan, the Trustee shall make reasonable efforts, under the circumstances, to remedy the breach.
- (d) The Trustee shall not follow the directions of the Investment Committee if the Trustee knows or, from the facts of which it is aware, should know, that the directions are not made in accordance with the terms of the Plan, or are contrary to provisions of applicable law. It is the intention of this provision that the Investment Committee shall be the named Plan fiduciary with respect to Plan investments and that the Trustee shall be relieved from liability for following the proper instructions of the Investment Committee.

1.7 Appointment of Investment Manager. The Trustee, Employer, or other named fiduciary of the Plan may, by an instrument in writing appoint one or more persons as an "Investment Manager" as defined in Code § 3(38) of ERISA, to manage, including the power to acquire and dispose of, any assets of the Plan. Upon the appointment of an Investment Manager with respect to any assets of the Plan, the Investment Manager is authorized and empowered to manage the assets of the Plan, to the same extent as the Trustee, Employer, or other appropriate name fiduciary of the Plan is otherwise authorized and empowered pursuant to this Agreement.

1.8 Payments from the Fund. The Trustee shall from time to time, on the written directions of the Employer, make payments out of the Trust fund to such persons, in such manner, in such amounts, and for such purposes as may be specified in the written directions of the Employer, and upon any such payment being made, the amount thereof shall no longer constitute a part of the Trust fund. Each such written direction shall be accompanied by a certificate of the Employer that the payment is in accordance with the Plan. The Trustee shall not be responsible in any way for the application of such payments or for the adequacy of the Trust fund to meet and discharge any and all liabilities under the Plan.

1.9 Scope of Responsibilities. The duties and responsibilities of the Trustee shall be according to the provisions of this Plan and, except as provided by statute, no other or further duties or responsibilities shall be imposed or implied by the Employer without the written consent of the Trustee. The Trustee shall discharge its duties solely in the interest of the Participants and beneficiaries and for the exclusive purpose of providing benefits to Participants and their beneficiaries and defraying reasonable expenses of administering the Plan.

1.10 Records of Trustee. The investment records shall be open at all reasonable times to inspection by the Employer, Participants or their beneficiaries.

1.11 Settlement of Controversies. In the event any controversy shall arise between the Trustee and any other person, including without limitation, the Employer or any Participant or Beneficiary under the Plan, with respect to the interpretation of this Plan or the duties of the Trustee or any other fiduciary, the Trustee may require that the issue be decided by a court of competent jurisdiction, and pending such determination, the Trustee shall not be obligated to take any other action in connection with the matter involved in the controversy. The cost of any litigation to which the Trustee shall be a party in connection with the Trust shall be considered an administrative expense. The Trustee may compromise and adjust claims due the Trustee upon the terms and conditions acceptable to the Employer. The Trustee shall at no time be obligated to institute any legal action unless it shall be indemnified to its satisfaction for any fees, costs and expenses to be incurred in connection with the litigation.

1.12 Annual Statement to Participants. The Trustee shall keep full and complete records of the administration of the Trust. Within 210 days after the end of a Plan Year, the Trustee shall furnish the Employer a summarized financial statement.

1.13 Instructions to Trustee. All instructions or notices provided to be given by the Employer to the Trustee shall be in writing and signed by the Employer. The Trustee shall be furnished signatures of the Employer, or its agents, who are authorized to act on its behalf and the Trustee may rely upon such instructions to the extent permitted by law.

1.14 Trustee Compensation. The Trustee (if not a full time Employee of the Employer) shall be paid a reasonable compensation as shall be agreed upon by the Employer and the Trustee. The Trustee, in performing its duties under this Plan, may employ counsel, accountants and other agents as it shall deem advisable. The Trustee may employ other fiduciaries or investment managers only after securing the written approval of, or written directions from, the Employer. All expenses incurred by the Trustee in the administration of the Plan, including but not limited to, the compensation of counsel, accountants, investment managers, the Trustee, other agents or fiduciaries, may be charged against the Trust fund. All taxes that may be levied or assessed under existing or future laws upon, or in respect to, the Trust, its assets or the income therefrom may be charged against the Trust fund.

1.15 Liability for Acts of Other Fiduciaries. The Trustee shall not be liable for the acts or omissions of another fiduciary unless (a) the Trustee knowingly participates in, or knowingly attempts to conceal the act or omission of, another fiduciary and the Trustee knows the act or omission is a breach of a fiduciary responsibility by the other fiduciary; or (b) the Trustee has knowledge of a breach by the other fiduciary and shall not make reasonable efforts to remedy the breach; or (c) the Trustee's breach of its own fiduciary responsibility permits the other fiduciary to commit a breach. Except as set forth in the preceding sentence, a Trustee shall not be liable for the acts or omissions of an investment manager appointed pursuant to Section 1.7.

1.16 Allocation of Fiduciary Responsibility. If there shall be more than one Trustee, the Trustees shall jointly manage and control the assets of the Plan unless the Employer shall allocate in writing specific responsibilities, obligations and duties among the Trustees. The Employer may allocate fiduciary responsibilities, other than the Trustee's responsibilities, to other fiduciaries. If the Employer shall make such an allocation, then the specified Trustee or fiduciary shall be responsible for the duties allocated to that Trustee or fiduciary and the other Trustees or fiduciaries shall not be liable for any breach of fiduciary responsibility for the duties allocated to other Trustees or fiduciaries, except as set forth in Section 1.6. If the Employer shall not allocate specific responsibilities, obligations or duties to a Trustee, then any act may be performed by any Trustee and such act shall have the same force and effect as if the act had been performed by all of the Trustees. Any person, corporation or other entity may deal with any of the Trustees and may accept the signature of any Trustee in the same manner and with the same force and effect as if the individual were the sole Trustee.

IN WITNESS WHEREOF, the Employer AND Trustee have caused this Separate Trust Agreement to be duly executed this ____ day of December, 2010.

EMPLOYER:

CITY OF JONESBORO

By: _____
Harrold Perrin, Mayor

The undersigned hereby accept their appointment as Trustees of the above mentioned Separate Trust Agreement for the Retirement Plan of City of Jonesboro, Arkansas and agree to serve as such under the terms of such Trust Agreement.

TRUSTEES:

