

**ARKANSAS MUNICIPAL LEAGUE
401(a) DEFINED CONTRIBUTION PLAN
MASTER PLAN DOCUMENT**

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Effective January 1, 2001, the Arkansas Municipal League hereby establishes the Arkansas Municipal League 401(a) Defined Contribution Plan, a governmental qualified defined contribution plan under Sections 401(a) and 414(d) of the Internal Revenue Code.

The Plan consists of the provisions set forth in this Master Plan document, along with the provisions set forth in the Adoption Agreement of any Participating Employer, and any amendments to the Master Plan and the Adoption Agreement.

ARTICLE I - DEFINITIONS

1.01 **“Account”** means an account maintained for a Participant by the Administrator.

1.02 **“Administrator”** means the Arkansas Municipal League, and includes the Service Manager with regard to functions that include services provided by the Service Manager.

1.03 **“Applicable Form”** means the appropriate form as designated and furnished by the Administrator to make an election or provide a notice as required by the Plan. If a written election or consent is not specifically required by the Code, the Administrator may prescribe a verbal, electronic, or telephonic instruction in lieu of or in addition to a written form.

1.04 **“Adoption Agreement”** the agreement entered into by an Employer to participate in this Plan.

1.05 **“Beneficiary”** means the person or persons designated by a Participant to receive any benefit payable upon the Participant’s death.

1.06 **“Code”** means the Internal Revenue Code of 1986, as amended and as applicable to governmental plans as defined in Code Section 414(d). The term also includes the Internal Revenue Code of 1954, as amended and as applicable to governmental plans as defined in Code Section 414(d).

1.07 **“Compensation”** means compensation as defined in Code Section 415(c)(3). In general, Code Section 415(c)(3) defines compensation as all of a Participant’s wages as defined in Code Section 3401(a) for the purposes of income tax withholding at the source but determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Code Section 3401(a)(2)); provided, however, compensation shall also include the amount of any elective deferrals, as defined in Code Section 402(g)(3), and any amount contributed or deferred by the employer at election of the Employee and which is not includable in the gross income of the Employee by reason of Code Section 125 or 457.

1.08 **“Deferred Compensation Plan”** means any eligible deferred compensation plan of the Employer under Code Section 457(b), including but not limited to Arkansas Municipal League Deferred Compensation Plan.

1.09 **“Disability” or “Disabled”** means a total and permanent disability determined as follows: (i) by the Social Security Administration for a Participant who is covered by Social Security; or (ii) by the Employer, for a Participant who is not covered

by Social Security. With respect to (ii), the Employer shall use the definition of disability found in Code Section 72(m)(7).

1.10 **“Eligible Employee”** means an Employee who by the Adoption Agreement is eligible to participate in the Plan.

1.11 **“Employee”** means any common law employee of an Employer and includes elected and appointed officials. However, the term does not include independent contractors.

1.12 **“Employer”** means any municipal corporation, consolidated government, political subdivision, or other governmental instrumentality in the State.

1.13 **“Employer Contributions”** means Matching Contributions and Non-Matching Contributions determined under the Adoption Agreement and made by a Participating Employer to an Account for a Participant.

1.14 **“Governing Authority”** means the entity authorized by law to act for the Employer and adopt this Plan through the Adoption Agreement.

1.15 **“Investment Fund”** means an investment fund, which forms part of the Trust Fund as established by the Trustees.

1.16 **“Matching Contribution”** means the Participating Employer matching contributions as determined under the Adoption Agreement and made pursuant to Article IV.

1.17 **“Participant”** means an Eligible Employee who participates under this Plan by enrolling (including a default enrollment) and maintaining an Account balance.

1.18 **“Participating Employer”** means any Employer who elects to participate in the Plan pursuant to Article II with respect to the Eligible Employees of one (1) or more departments.

1.19 **“Payroll Period”** is the time period specified by the Participating Employer in the Adoption Agreement.

1.20 **“Plan Year”** means the plan year as determined by a Participating Employer in the Adoption Agreement.

1.21 **“Separation from Service”** means severance of a Participant’s employment with the Participating Employer for any reason, including retirement, within the meaning of Code Section 402(d)(4)(A)(iii). A Participant shall be deemed to have severed employment with the Participating Employer for purposes of the Plan when, in accordance with the established personnel practices of the Participating Employer, the employment relationship is considered actually terminated. If a Participant has not been terminated, but the Participant has not performed services for the Participating Employer for a period of six (6) consecutive months and the Participant is not on a paid leave of absence, the Participant shall be deemed Separated from Service for purposes of this Plan at the end of the six (6) month period.

1.22 **“Service Manager”** means the person or organization appointed by the Trustees to perform service and administrative functions delegated by the Trustees.

1.23 **“State”** means the State of Arkansas.

1.24 **“Trust”** means the trust established by the Arkansas Municipal League.

1.25 **“Trustees”** mean the Trustees appointed by the Arkansas Municipal League.

1.26 **Rules of Construction.** Words used herein in the masculine gender shall be construed to include the feminine gender where appropriate, and words used herein in the singular or plural shall be construed as being in the plural or singular where appropriate.

ARTICLE II - PARTICIPATION BY EMPLOYERS

2.01 **Adoption by Employer.** An Employer may make the Plan available to its Employees if it takes the following actions:

(a) The Governing Authority of the Employer must pass a resolution formally adopting this Plan for its Employees and approving the Adoption Agreement.

(b) The resolution must indicate the date of adoption.

(c) The resolution must commit to the terms of an Adoption Agreement as completed by the Employer.

(d) the resolution must specify that the Employer shall abide by the terms of the Plan and the Trust, including all investment, administrative, and service agreements of the Plan, and all applicable provisions of the Code and other applicable law.

(e) The resolution must acknowledge that the Trustees are only responsible for the Plan and have no responsibility for other employee benefit plans maintained by the Employer.

(f) Employers whose Employees are participating in a defined contribution plan under Code Section 401(a) and 414(d) as of the effective date of the Adoption Agreement must inform the Administrator of the name of and the provider of that plan and must provide any other information requested by the Administrator.

The Trustees shall determine whether the resolution complies with this section. If it does, and provided the other requirements of the Plan and Trust are met, the Trustees shall execute the Adoption Agreement and provide appropriate forms for the Employer to implement its participation in the Plan.

ARTICLE III - ELIGIBLE EMPLOYEE PARTICIPATION

3.01 Participation Procedure. Only Eligible Employees as defined by the Adoption Agreement may be Participants in the Plan. The Administrator shall prescribe the enrollment form for Eligible Employees to become Participants.

3.02 Cessation of Plan Participation. An Eligible Employee shall cease to be a Participant on the distribution and/or forfeiture of the Participant's entire interest in the Plan.

ARTICLE IV - CONTRIBUTIONS

4.01 Contributions. Contributions shall be made to the Plan in accordance with this Article, the Adoption Agreement, and subject to the limitations under Article V. A Participating Employer shall specify in the Adoption Agreement whether it will make Matching Contributions and/or non-Matching Contributions. Matching Contributions shall be made to match all or a portion of the Participant's contributions to a Deferred Compensation Plan, in accordance with the formula and method specified by the Participating Employer in the Adoption Agreement. Non-Matching Contributions are not tied to Participant contributions to a Deferred Compensation Plan and shall be made in accordance with the formula and method specified by the Participating Employer in the Adoption Agreement.

The Adoption Agreement establishing the amount and method of calculating contributions continues in effect from Plan Year to Plan Year until amended or repealed by the Governing Authority or until the Participating Employer's participation in the Plan is terminated.

4.02 Matching Contributions. If the Adoption Agreement provides for Matching Contributions, the Governing Authority shall determine and specify in the Adoption Agreement the formula for calculating the Matching Contributions, which may be all or a specified portion of a Participant's contribution to a Deferred Compensation Plan. In the Adoption Agreement, the Participating Employer may establish different classes of Participants who are eligible or ineligible to receive Matching Contributions. The Employer may also establish different Matching Contribution amounts or formulas applicable to different classes of Eligible Employees.

4.03 Eligibility for Matching Contributions. (a) If the Adoption Agreement provides for Matching Contributions, a Participant shall be eligible for Matching Contributions for any Payroll Period only if the Participant meets the conditions set forth in the Adoption Agreement.

(b) In no event shall a Participant receive any Matching Contributions for any Payroll Period for which the Participant does not have an effective payroll deferral to a Deferred Compensation Plan for that Payroll Period.

4.04 Non-Matching Contributions. If the Adoption Agreement provides for Non-Matching Contributions, the Governing Authority shall determine and specify in the Adoption Agreement the formula for calculating the Non-Matching Contributions, which may be a fixed amount or a specified portion of a Participant's Compensation. In the

Adoption Agreement, the Participating Employer may establish different classes of Participants who are eligible or ineligible to receive Non-Matching Contributions. The Employer may also establish different Non-Matching Contribution amounts or formulas applicable to different classes of Eligible Employees.

4.05 Eligibility for Non-Matching Contributions. If the Adoption Agreement provides for Employer Non-Matching Contributions, a Participant shall be eligible for Non-Matching Contributions only if the Participant meets the conditions set forth in the Adoption Agreement.

4.06 Changes in Employer Contributions. A Participating Employer may adjust the amount or method of Employer Contributions throughout the Plan Year by adopting a resolution to amend its Adoption Agreement in accordance with Section 17.03. The resolution must be sent to the Administrator. The Trustees must approve or disapprove the amendment and, if approved, establish the effective date of any change to the Employer Contributions.

4.07 Employee Contributions. Employee contributions under the Plan are not required or permitted. However, a Participant may rollover eligible rollover distributions to the Participant's Miscellaneous Account. In addition, the Plan may accept plan-to-plan transfers to a Participant's Miscellaneous Account.

4.08 Remittance of Contributions. The Employer Contributions shall be paid as specified in the Adoption Agreement. All amounts of Employer Contributions under the Plan shall be transferred by the Participating Employers to the Trust within the time limits described in this Section. Contributions shall first be remitted to the Trust only after the Employer's Adoption Agreement is approved by the Trustees. Upon approval of

the Adoption Agreement, the Trustees shall specify the date Employer Contributions are to commence. In no event shall contributions under the Plan be transferred by the Participating Employer to the Trust later than fifteen (15) business days after the Payroll Period specified in the Adoption Agreement or after the end of the Plan Year with respect to Employer Contributions made on a Plan Year basis.

4.09 Delinquent Contributions. It is the Participating Employer's responsibility to correctly calculate and remit the appropriate Employer Contributions. Neither AML, the Trustees, nor the Administrator have any responsibility to monitor or collect Employer Contributions. The Administrator reserves the right, but has no obligation, to give notice to the highest elected official, the designated representative of the Employer and/or the Eligible Employees of the delinquent Participating Employer in the event that it comes to the Administrator's attention that Employer Contributions are not being remitted in a timely manner.

Neither AML, the Trustees, nor the Administrator have any liability for the delinquency of a Participating Employer.

ARTICLE V - LIMITATIONS ON CONTRIBUTIONS

5.01 Applicability of Article. Notwithstanding any provision of the Plan to the contrary, contributions to the Plan and additions to Accounts of Participants shall be limited as provided in Code Section 415 as provided in this Article.

5.02 Limitation under Code Section 415. Notwithstanding anything in the Plan to the contrary, the following limitations shall apply:

(a) To the extent required under Code Section 415(c), in no event shall the “annual addition,” as defined in this Section for a Participant for any Plan Year, exceed the lesser of:

(1) the amount specified by Code Section 415(c) as adjusted for inflation; or

(2) as specified in Code Section 415(c), 25% of Compensation (as defined in Article I) of such Participant received during the Plan Year.

(b) The Plan shall be administered so as to comply with the limitations of Code Section 415.

(c) For purposes of this Section, all defined contribution plans of a Participating Employer are to be treated as a single defined contribution plan. However, each Participating Employer is to be considered as a separate employer.

(d) If the annual addition for a Participant under the Plan, determined without regard to the limitation of paragraph (a), would have been greater than the annual addition for such Participant as limited by paragraph (a), then the excess, if due to a reasonable error in estimating compensation or such other circumstances as found by the Secretary of the Treasury to justify application of this paragraph, shall be reduced, to the extent necessary to satisfy such limitation by holding the excess unallocated in a suspense account and using it to reduce Participating Employer contributions in subsequent Plan Years.

(e) For purposes of this Section, “annual addition” means the annual addition as defined in Code Section 415(c) and as modified in Code Sections 415(l)(1) and 419A(d)(2). In general, Code Section 415(c) defines the annual addition as the sum of

the following amounts credited to a Participant's accounts for the limitation year under this Plan and any other defined contribution plan maintained by a Participating Employer:

- (1) employer contributions;
- (2) employee contributions; and
- (3) forfeitures.

5.03 Participating Employer Responsibility for Contribution Limits. The Participating Employer must monitor contributions to the Plan on behalf of a Participant to this Plan and any other 401(a) plan maintained by the Participating Employer to determine compliance with this Article. The Participating Employer must cease contributions to avoid exceeding the limits of Section 5.02 and must notify the Administrator if excess annual additions are made.

ARTICLE VI - ACCOUNTS AND REPORTS

6.01 Account. The Administrator shall maintain applicable Accounts within the Participant's Account with respect to each Participant: the Employer Matching Contribution Account, the Employer Non-Matching Contribution Account, and the Miscellaneous Account. The Employer Matching Contribution Account shall be credited with the Participant's Employer Matching Contributions for each Payroll Period. The Employer Non-Matching Contribution Account shall be credited with the Participant's Employer Non-Matching Contributions for each designated period (pursuant to the Adoption Agreement). The Miscellaneous Account shall be credited with amounts that are rolled over or transferred to the Participant's Account. The balance of the Participant's Accounts shall be adjusted daily to reflect any distribution to the Participant and all interest, dividends, account charges and changes of market value resulting from

the investment of the Participant's Accounts. All Plan records, including individual account information, that are maintained by the Service Manager shall be the exclusive property of the Administrator. The Administrator may prescribe such minimum deposits to Participant's Accounts and each investment option for the Participant as it deems appropriate.

6.02 Statements of Account. A written report of the status of each Participant's Accounts shall be furnished to the Participant by the Administrator within thirty (30) days after the end of each Plan quarter. All reports to Participants shall be based on the fair market value of investments credited to Accounts as of the reporting dates. Participant reports shall be deemed to have been accepted by the Participant as correct unless written notice to the contrary is received by the Administrator within ninety (90) days after the mailing or distribution of a report to the Participant.

6.03 Year-End Reports. Within ninety (90) days after the end of each Plan Year, a written report shall be prepared and maintained on file by the Administrator showing the assets held under the Plan, a schedule of all receipts and disbursements, and all material transactions of the Plan during the preceding year. This report shall be in a form and shall contain other information as the Administrator requires. The report shall also contain such information as is necessary to enable the Trustees to prepare their accounting due under the Trust.

ARTICLE VII - VALUATION OF ACCOUNTS

7.01 Valuation. The Administrator shall value the investments each business day based on acceptable industry practices. All daily transactions shall be based on that day's closing market values.

7.02 **Deposits.** In all cases, deposits of contributions shall be treated as actually made only as of the date the funds are accepted as in good order by the Administrator.

7.03 **Report from Administrator to Trustees.** The Administrator shall provide a report to the Trustees concerning the valuation of Accounts within forty-five (45) days after the end of each calendar quarter.

ARTICLE VIII - TRUST

8.01 **Trust Status.** All assets held in connection with the Plan, including all contributions to the Plan, all property and rights acquired or purchased with such amounts and all income attributable to such amounts, property or rights shall be held in trust for the exclusive benefit of Participants and their Beneficiaries under the Plan. No part of the assets and income of the Plan shall be used for, or diverted to, purposes other than for the exclusive benefit of Participants and their Beneficiaries and for defraying reasonable expenses of the Plan.

8.02 **Trust Fund.** All amounts of compensation deferred pursuant to the Plan, all property and rights acquired or purchased with such amounts and all income attributable to such amounts, property or rights held as part of the Plan, shall be transferred to the Trustees to be held, managed, invested and distributed as part of the Trust Fund in accordance with the provisions of the Plan and the Trust Declaration. All contributions to the Plan must be transferred by the Participating Employers to the Trust Fund. All benefits under the Plan shall be distributed solely from the Trust Fund pursuant to the Plan.

ARTICLE IX - INVESTMENT OF ACCOUNTS

9.01 Investment Options. From time to time, the Trustees shall determine the available Investment Funds for Participants (or Beneficiaries upon the death of the Participant). The Participants may direct the investment of their Accounts among the Investment Funds selected by the Trustees. The Administrator shall follow the Participants' (or Beneficiaries') directions with respect to the investment of the Accounts, except that the Administrator shall direct the investment of a Participant's (or Beneficiary's) Account to a default investment pursuant to Section 9.02 when there is no valid investment direction on file.

9.02 Investment Default Option. In the event that a Participant does not have a valid investment direction on file for any portion of the amount in that Participant's Account, that portion of the Account shall be invested in any default option or options as determined by the Trustees. In such event, the Participant shall be deemed to have directed that option (or options) for investment of such portion of their Account. The Trustees intend to establish one or more default options based upon various factors, including but not limited to, market risk, stability and rate of return. If the Trustees have appropriately exercised their fiduciary duty in selecting a default option(s), they have no liability for any loss sustained by a Participant or Beneficiary whose Account in whole or in part is invested in the default option(s).

ARTICLE X - VESTING

10.01 Vesting Standards. The vesting standards for Employer Contributions shall be determined in the Adoption Agreement with the following exceptions:

(a) The Participant shall be 100% Vested in the Participant's Miscellaneous Account at all times.

(b) Upon Death or Separation from Service because of Disability, the Participant shall be 100% Vested in all the Participant's Accounts.

(c) Upon a Participating Employer's voluntary or involuntary termination of the Employer's Participation in the Plan or upon the Trustees' termination of the entire Plan, the Participant shall be 100% Vested in all the Participant's Accounts.

ARTICLE XI - BENEFITS

11.01 Benefit Payments. Benefits shall be paid from the Trust Fund in accordance with this Article following a Participant's Separation from Service, Death, or Disability. Benefits payable to a Participant or a Beneficiary shall be based upon the value of the Participant's Account.

(a) **Separation from Service.** Upon Separation from Service, a Participant may elect to have benefits commence on a date, which is no later than the required beginning date under Code Section 401(a)(9), as specified in Section 11.04. All benefits shall be paid under a payment option under Section 11.02, subject to the restrictions in Section 11.04.

(b) **Death.** In the event of the Participant's death prior to the commencement of benefits under paragraph (a), the value of the Participant's Account shall be paid to the Beneficiary under a payment option elected by the Beneficiary under Section 11.02, subject to the restrictions in Section 11.04. Such benefits shall be payable commencing within sixty (60) days after receipt by the Administrator of satisfactory proof of the Participant's death. However, if the Beneficiary is the spouse of the Participant, then the

spouse may elect, within sixty (60) days of Participant's death, to defer distribution to a date not later than the date when the Participant would have attained age 70½.

(c) **Disability.** Upon Separation from Service with the Participating Employer because of Disability, a Participant may elect to have benefits commence on a date, which is no later than the required beginning date under Code Section 401(a)(a), as specified in Section 11.04. A Participant who is on leave without pay who becomes Disabled within the first six (6) months of the leave shall be considered to have separated from service on account of Disability. The commencement date must meet the required distribution commencement date provisions of Code Section 401(a)(9). All benefits shall be paid under a payment option under Section 11.02.

11.02 Payment Options. The election of a payment option by a Participant or a Beneficiary under Section 11.01 must be made no later than thirty (30) days before the commencement of such benefits. Subject to restrictions established by the Administrator, the Plan shall permit payout options in the form of lump sums, periodic payments of a fixed amount or fixed duration, or life contingent annuities. Absent such an election, the Account will be paid in a lump sum.

11.03 Lump Sum Settlement. Notwithstanding anything in this Plan to the contrary, if a Participant's Account balance is less than the amount specified in Code Section 411(a)(11) (or such other lesser amount as determined by the Trustees with respect to the Plan Years of Participating Employers following the determination) at the time of Separation of Service, the Administrator shall effect a lump sum distribution of the Participant's Account, regardless of a Participant's or Beneficiary's direction.

11.04 Minimum Distribution Rules. Notwithstanding any provision of this Plan to the contrary, any distribution under the Plan shall be made in accordance with Code Section 401(a)(9) and the regulations established thereunder as they are amended. No payment option may be selected by a Participant unless the amounts payable to the Participant are expected to be at least equal to the minimum distribution required under Section 401(a)(9) of the Code. The amounts payable also must satisfy the minimum distribution incidental benefit requirements of Section 401(a)(9)(G) of the Code. Payment of the Accounts of a Participant shall begin not later than the “required beginning date.” For purposes of this Section, “required beginning date” means April 1 of the calendar year following the later of (i) the calendar year in which the Participant reaches age seventy and one-half (70½), or (ii) the calendar year in which the Participant retires. The amount to be distributed each year, beginning with distributions for the first distribution year, shall not be less than the quotient obtained by dividing the Participant’s benefit by the lesser of (i) the applicable life expectancy, or (ii) if the Participant’s spouse is not the designated beneficiary, the applicable divisor specified in Code Section 401(a)(9) or the regulations promulgated thereunder. Distributions after the death of the Participant shall be distributed using the applicable life expectancy as the relevant divisor.

11.05 Designated Beneficiary. (a) If a Participant is a participant in the AML Deferred Compensation Plan, the Participant’s Beneficiary or Beneficiaries for purposes of this Plan shall be the Participant’s Beneficiary or Beneficiaries under the AML Deferred Compensation Plan.

(b) If the Participant is not a participant of the AML Deferred Compensation Plan, the Participant's beneficiary is determined under this subsection (b). The Participant's beneficiary is the person designated on the Applicable Form provided by the Administrator. If the Participant dies without a valid Beneficiary designation on file, the benefit payment shall be made to the Participant's surviving spouse; if there is no surviving spouse, to the Participant's surviving dependent children equally; and if there are no surviving spouse or children, to the Participant's estate. A Participant shall have the right to designate at least one primary and contingent Beneficiary and to indicate whether the Beneficiaries in each class are to share equally or according to specified percentages. If a Beneficiary predeceases the Participant, the surviving Beneficiaries in the same class (i.e., primary or contingent) will share among each other all benefits in the same proportion as originally designated by the Participant. A contingent Beneficiary shall receive benefit payments only if there is no surviving primary Beneficiary. In the event of the death of a Beneficiary after the Beneficiary has become entitled to receive benefits, the remaining benefits shall be paid to the estate of the Beneficiary in a lump sum. The Beneficiary designation may be changed by the Participant in writing on the Applicable Form at any time prior to Retirement. Only the last designation of a Beneficiary prior to Retirement shall have effect, and any new designation of a Beneficiary validates, supersedes, and revokes any prior designation.

11.06 Payments to Beneficiary. In the event of the Participant's death, any remaining benefit shall be distributed according to the following:

(a) If the Participant had begun receiving periodic payments of a fixed amount or fixed duration from the Plan which were not annuitized, the balance of the

Account shall be paid to the Beneficiary at least as rapidly as under the payment option selected by the Participant.

(b) If the Participant had begun receiving payments under an annuity contract, the Beneficiary shall be bound by all restrictions of that contract and the form of payment selected thereunder, and remaining payments, if any, shall be paid to the Beneficiary under the contract.

(c) If the Participant dies before distributions have commenced, a spouse Beneficiary may delay the commencement of benefits until no later than the date the Participant would have attained age 70½ and may elect to receive payments at such time over the Beneficiary's life expectancy.

(d) If the Participant dies before distributions have commenced, a non-spouse Beneficiary may take a lump sum or a periodic payment. In the case of a lump sum, payment must be made no later than one year after the date of the Participant's death. In the case of a periodic distribution, payment must commence no later than one year after the date of the Participant's death, but in no event over a period longer than the Beneficiary's life expectancy at the time the distribution commences.

(e) Notwithstanding the foregoing, any payment to be made to the Participant's estate must be made in a lump sum.

ARTICLE XII - ELIGIBLE ROLLOVER DISTRIBUTIONS

12.01 Plan Distributions and Withholding Requirements. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this Section, a Distributee may elect, at the time and in the manner prescribed by the Administrator, to have any portion of an Eligible Rollover Distribution

paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover. The following definitions shall apply to this Section:

(a) An “Eligible Rollover Distribution” is any distribution under Article XI of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include: (i) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee’s designated beneficiary, or for a specified period of ten (10) years or more; (ii) any distribution to the extent such distribution is required under Code Section 401(a)(9); or (iii) the portion of any distribution that is not Includable in gross income.

(b) An “Eligible Retirement Plan” is an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b), an annuity plan described in Code Section 403(a), or a qualified trust described in Code Section 401(a), that accepts the Distributee’s Eligible Rollover Distribution; provided, however, in the case of an Eligible Rollover Distribution to the surviving spouse, an Eligible Retirement Plan is such an individual retirement account or individual retirement annuity.

(c) A “Distributee” includes an employee or former employee, as well as, the employee’s or former employee’s surviving spouse.

(d) A “Direct Rollover” is a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

12.02 Rollover to this Plan. Rollovers from an Eligible Retirement Plan to this Plan are permitted. Rollovers shall be credited to the Participant's Miscellaneous Account.

ARTICLE XIII - PARTICIPATING EMPLOYER OBLIGATIONS

Each Participating Employer is required to: (i) remit correct contributions on a timely basis pursuant to Article IV; (ii) notify the Administrator of any change in the Adoption Agreement at least thirty (30) days prior to the proposed effective date of the change; (iii) provide and/or distribute any reports, information, or notices as required by the Administrator; and (iv) comply with all requirements of the Plan. The Plan for a Participating Employer who fails to comply with its obligations under the Plan may be terminated by the Trustees in their discretion.

A Participating Employer shall not be liable for losses arising from expense charges of any kind or from depreciation or shrinkage in the value of investments made under this Plan.

ARTICLE XIV - PLAN LOANS

Plan loans to Participants shall not be permitted.

ARTICLE XV - ADMINISTRATION OF PLAN

15.01 Compliance with Code Section 401(a). At all times, the Plan shall be administered in accordance with and construed to be consistent with Section 401(a) of the Code and its accompanying regulations, as applicable to governmental plans as defined in Code Section 414(d).

15.02 Trustees' Duties and Powers. The Trustees shall have the authority to control and manage the operation and administration of the Plan and shall be a named fiduciary of the Plan.

(a) The Trustees shall have such power and authority (including discretion with respect to the exercise of that power and authority) as may be necessary, advisable, desirable or convenient to enable the Trustees to carry out their duties under the Plan. The Trustees also have the powers and duties specified in the Trust Declaration. By way of illustration and not limitation, the Trustees are empowered and authorized:

(1) to establish procedures with respect to administration of the Plan, not inconsistent with the Plan and the Code, and to amend or rescind such procedures;

(2) to determine, consistent with the Plan, applicable law, rules or regulations, all questions of law or fact that may arise as to the eligibility for participation in the Plan and eligibility for distribution of benefits from the Plan, and the status of any person claiming benefits under the Plan, including without limitation, Participants, former Participants, Beneficiaries, Employees and former Employees;

(3) pursuant to Article XI of the Plan, to make payments from the Trust Fund to Participants, their Beneficiaries and other persons as the Trustees may determine;

(4) to contract with one or more Service Managers to perform education, enrollment, and administrative services under this Plan;

(5) to accept service of legal process;

(6) subject to and consistent with the Code, to construe and interpret the Plan as to administrative issues and to correct any defect, supply any omission or reconcile any inconsistency in the Plan with respect to same.

(b) Any action by the Trustees, which is not found to be an abuse of discretion, shall be final, conclusive and binding on all individuals affected thereby. The Trustees may take any such action in such manner and to such extent as the Trustees in their sole discretion may deem expedient and the Trustees shall be the sole and final judge of such expediency.

(c) The Trustees may delegate any power or duty to the Administrator except where the Trustees are required to review a determination of the Administrator.

15.03 Advice. The Trustees may employ one (1) or more persons to render advice with regard to their responsibilities under the Plan.

15.04 Delegation by Trustees. In addition to the powers stated in Section 15.02, the Trustees may delegate to an individual, committee or organization certain of their fiduciary or other responsibilities under the Plan. Any such individual, committee or organization shall remain a fiduciary until the delegation of fiduciary duty is revoked by the Trustees, which revocation may be without cause and without advance notice. Such individual, committee or organization shall have power and authority with respect to such delegated fiduciary or other responsibilities as the Trustees have under the Plan.

15.05 Fiduciary Insurance. The Trustees may require the purchase of fiduciary liability insurance for any of such fiduciaries to cover liability or losses occurring by reason of the act or omission of a fiduciary.

15.06 Payment of Benefits. The Trustees or Administrator, if in doubt concerning the correctness of their action in making a payment of a benefit, may suspend payment until satisfied as to the correctness of the payment or the person to receive the payment, or may file, in any state court of competent jurisdiction, a suit, in such form as it considers appropriate, for legal determination of the benefits to be paid and the persons to receive them. The Trustees or Administrator may also bring a suit or take such other action as it deems appropriate in the case of questions involving investment directions. The Trustees and Administrator shall comply with the final order of the court in any such suit, and Participants, Beneficiaries, and the Participating Employers shall be bound thereby insofar as such order affects the benefits payable under this Plan or the method or manner of payment.

15.07 Limitation on Recovery. Participating Employers, Participants, and Beneficiaries may not seek recovery against the Trustees, AML, or any employee or agent of the Trustees, for any loss sustained by any Participating Employer, Participant, or Beneficiary due to the nonperformance of their duties, negligence or any other misconduct of the above-named persons. Participants and Beneficiaries may not seek recovery against Participating Employers, or any employee or agent of the Participating Employer, due to the non-performance of their duties, negligence, or any other misconduct of the above named persons.

This paragraph shall not, however, excuse fraud or a wrongful taking by any person.

ARTICLE XVI - CLAIMS PROCEDURE

16.01 Claims Procedure: Service Manager. Any Participant may present a claim in writing to the Service Manager for any issue involving the Participant's Account investments or recordkeeping. In addition, the Administrator may refer such issues to the Service Manager for review and resolution. The Service Manager shall utilize the protocol agreed to with the Administrator. The Service Manager shall resolve any such claim presented to it. If a Participant is not satisfied with the resolution determined by the Service Manager, the Participant may request in writing a claim review under Section 16.04.

16.02 Claims Procedure: Employer. Any Participant may present a claim in writing to the Participant's Employer for any issue involving eligibility or vesting. In addition, the Administrator may refer such issues to the Employer for review and resolution. The Employer shall resolve any such claim presented to it. If a Participant is not satisfied with the resolution determined by the Employer, the Participant may request in writing a claim review under Section 16.04.

16.03 Claims Procedure: Administrator. The Administrator shall have sole discretion to determine, based upon the Issue(s) raised, to determine if a claim should be resolved by the Service Manager, Employer, or the Administrator pursuant to Sections 16.01, 16.02 or 16.03 respectively. A Participant, Beneficiary, or other person claiming benefits under this Plan ("Claimant") may present a claim in writing to the Administrator for any issue not covered by Section 16.01 or 16.02. The Administrator shall resolve any such claim presented to it in accordance with the procedures specified in Section 16.04(b) - (d). If the Claimant is not satisfied with the resolution determined by the

Administrator, the Claimant may appeal the Administrator's decision under Section 16.05.

16.04 Claims Review.

(a) Within thirty (30) days after the Claimant is notified of a decision under Section 16.01 or 16.02, the Claimant may submit a written request for review of the decision by the Administrator. If such request is not filed within thirty (30) days, the decision of the Service Manager or Employer, as applicable, shall be final and binding. The thirty-day period may be waived by the Trustees for good cause shown.

(b) The Administrator shall within ninety (90) days provide adequate notice in writing to any Claimant as to its decision on any review. Such notice shall be written in a manner calculated to be understood by the Participant. If such claim is denied by the Administrator, in whole or in part, such notice shall set forth:

- (1) the specific reasons for such denial,
- (2) specific reference to any pertinent provisions of the Plan on which denial is based,
- (3) a description of any additional material or information necessary for the Claimant to perfect the claim and an explanation of why such material or information is necessary, and
- (4) an explanation of the appeals procedure for the Plan.

(c) The Administrator shall act as a fiduciary in making a full and fair review of such claim.

(d) The Claimant or a duly authorized representative may review any Plan document, which is pertinent to the claim and may submit issues and comments to the

Administrator in writing at any time prior to the issuance of the Administrator's decision on review.

16.05 Appeals Procedure.

(a) Within sixty (60) days after receipt by the Claimant of notification of denial under Section 16.03 or 16.04, the Claimant shall have the right to present a written appeal to the Trustees, including submission of any additional written material that is pertinent to the claim. If such appeal is not filed within the sixty (60) day period, the decision of the Administrator shall be final and binding.

(b) A decision by the Trustees shall be made no later than sixty (60) days after their receipt of the appeal. However, if the Trustees decide that a hearing at which the Claimant or a duly authorized representative may be present is necessary and such a hearing is held, such decision shall be rendered as soon as possible, but not later than one hundred twenty (120) days after their receipt of the appeal. Any such decision of the Trustees shall be in writing and shall provide adequate notice to the Claimant setting forth the specific reasons for any denial and written in a manner calculated to be understood by a Participant. Any such decision by the Trustees shall be final and binding.

16.06 Report to Trustees Concerning Claims and Appeals. The Administrator shall present a quarterly summary report to the Trustees concerning any claim or appeal under this Article.

ARTICLE XVII - AMENDMENT OF THE PLAN

17.01 Amendment of Master Plan and the Adoption Agreement. (a) Subject to the provisions of any applicable law, the Trustees may at any time amend or modify

this Master Plan without the consent of the Participating Employers or of Participants (or any Beneficiaries thereof). Any modification, alteration, or amendment of the Master Plan, made in accordance with this Section, may be made retroactively, if deemed necessary or appropriate by the Trustees. A certified copy of the resolution of the Trustees making such amendment shall be delivered to the Administrator, and the Master Plan shall be amended in the manner and effective as of the date set forth in such resolution, and the Participating Employers, Employees, Participants, Beneficiaries, Trustees, and Administrator shall be bound by the amendment. A Participating Employer may not amend the Master Plan in any way.

(b) Subject to provisions of applicable law, the Trustees and the Administrator may at any time amend or modify the form of the Adoption Agreement with the consent of the Participating Employers, unless otherwise required under Section 17.02.

17.02 Amendment for Qualification of Plan. It is the intent of the Trustees that the Plan shall be and remain qualified for tax purposes under Code Section 401(a) and other applicable provisions. The Trustees may make any modifications, alterations, or amendments to the Master Plan or Adoption Agreement necessary to obtain and retain approval of the Secretary of the Treasury or his delegate as may be necessary to establish and maintain the status of the Plan as qualified under the provisions of the Code or other federal legislation, as now in effect or hereafter enacted, and the regulations issued thereunder. Any modification, alteration, or amendment of the Master Plan or Adoption Agreement, made in accordance with this Section, may be made retroactively, if necessary or appropriate. A certified copy of the resolution of the Trustees making such amendment shall be delivered to the Administrator, and the Master Plan or Adoption

Agreement shall be amended in the manner and effective as of the date set forth in such resolution, and the Participating Employers, Employees, Participants, Beneficiaries, Trustees, Administrator, and all others having any interest under the Plan shall be bound thereby.

17.03 Amendment of Adoption Agreement by Participating Employer. The Governing Authority shall have the right at any time to amend, in whole or in part, any or all of its elections under the Adoption Agreement without the consent of the Participants or any Beneficiaries. Provided, however, that no such amendment shall:

(a) Deprive any Participant or Beneficiary of any of the benefits to which the Participant or Beneficiary is entitled under this Plan with respect to amounts credited prior to the effective date of the amendment; or

(b) Authorize or permit any part of the Trust Fund to be diverted to purposes other than for the exclusive benefit of Participants or their Beneficiaries; or

(c) Become effective until approved by the Trustees. In order to be approved by the Trustees, any amendment must comply with the Master Plan and all applicable state and federal laws, including Code Section 401(a) as applicable to governmental plans. If the Trustees do not approve an amendment, the Trustees and Administrator shall continue to administer the Plan as if such amendment had not been made.

(d) If an amendment limits or otherwise restricts the deferral and distribution rights of the Participants, the amendment shall become effective on the first day of the month following the giving of not less than forty-five (45) days prior notice of the amendment to Participants. If the amendment was made by the Trustees, notice shall be deemed given when the amendment is posted in the office of the Administrator and is

sent to each Participating Employer. If the amendment was made by the Participating Employer, notice shall be deemed given when the amendment is posted in the office of the Participating Employer and is sent to the Administrator. No amendments shall deprive any Participant of any of the benefits to which the Participant is entitled under this Plan with respect to amounts credited prior to the effective date of the amendment, and

(e) If the Plan is amended or modified, the Administrator shall nonetheless be responsible for the supervision and the payment of benefits resulting from amounts contributed prior to the amendment or modifications in accordance with this Article.

ARTICLE XVIII - TERMINATION

18.01 **Plan Termination by Participating Employer.** A Participating Employer may terminate its participation in the Plan, including but not limited to, its contribution requirements, if it takes the following actions:

(a) The Governing Authority of the Participating Employer must adopt a resolution terminating its participation in the Plan.

(b) The resolution must specify when the Plan will be closed to any additional participation by Eligible Employees, which must be a date at least sixty (60) days after the adoption of the resolution.

(c) The resolution must be submitted to the Trustees.

The Trustees shall determine whether the resolution complies with this section, and all applicable federal and state laws, shall determine an appropriate effective date for the termination of Employer participation, which date shall be no later than twelve (12) months from the Trustees' receipt of the resolution. The Administrator shall provide

appropriate forms to the Participating Employer to terminate ongoing participation. Distributions under the Plan of existing accounts to the Participants and Beneficiaries affected by the termination are subject to Article XI. However, if the Participating Employer requests a plan-to-plan transfer of Plan assets with respect to the Participating Employer's Employees who are Participants, the Trustees may in their discretion make the transfer.

18.02 Discontinuance of Contributions. At the discretion of the Trustees, a Participating Employer who fails to make contributions for a period of one (1) year or who fails to make timely contributions over a period of two (2) years shall be considered to have terminated participation.

18.03 Effect of Termination by Participating Employer. In the case of the complete or partial termination of the Plan as to one (1) or more Participating Employers, including a termination arising from the discontinuance and/or delinquency of contributions, the affected portion of the Trust Fund shall continue to be held pursuant to the direction of the Trustees, for the benefit of affected Participants pursuant to Article XI. The Plan shall remain in full effect with respect to each Participating Employer that does not terminate its participation in the Plan on behalf of its Employees.

18.04 Termination of the Entire Plan. This Plan in its entirety may be terminated at any time by official action of the Trustees, with notice to all Participating Employers and Participants. The last date for contributions and earnings to be credited to Participant Accounts must be specified in the Trustees' official action and must be no sooner than ninety (90) days after the adoption of the official action. All actions associated with the termination of the plan, including a final accounting, must be

completed within twelve (12) months after the adoption of the official action. In the event of a complete Plan termination, the Trustees must take all steps reasonable to avoid a distribution to the Participants and Beneficiaries, except pursuant to benefit options under Article XI, including identifying successor plan(s). However if distributions must be made, the Administrator shall be responsible for directing distribution of all assets of the Trust Fund to Participants and Beneficiaries.

ARTICLE XIX - NONASSIGNABILITY

19.01 Nonassignment. No Participant, Beneficiary or designee may commute, sell, assign, transfer, or otherwise convey the right to receive any payment under the Plan.

19.02 Rights. The rights of Participants and Beneficiaries under this Plan shall not be subject to the rights of their creditors, and shall be exempt from execution, attachment, prior assignment or any other judicial relief or order for the benefit of creditors or other third person, except to the extent a benefit distributable under Article XI is subject to a federal tax levy.

ARTICLE XX - MISCELLANEOUS

20.01 Federal Taxes. The Trustees, the Employers, and the Administrator do not guarantee that any particular Federal or State income, payroll or other tax consequence will occur because of participation in this Plan.

20.02 Contract. This Plan and the Adoption Agreement, including any properly adopted or executed amendments thereof, shall constitute the total agreement or contract between the Employer and any Participant regarding the Plan. No oral statement regarding the Plan may be relied upon by any Participant or other person.

20.03 Conflicts. In resolving any conflict between provisions of the Plan and in resolving any other uncertainty as to the meaning or intention of any provision of the Plan, the interpretation that (i) causes the Plan to constitute a qualified governmental plan under the provisions of Code Sections 401 and 414(d) and the Trust to be exempt from tax under Code Sections 115 and 501, (ii) causes the Plan to comply with all applicable requirements of the Code, and (iii) causes the Plan to comply with all applicable Arkansas statutes and rules, shall prevail over any different interpretation.

20.04 Limitation on Rights. Neither the establishment or maintenance of the Plan, nor any amendment thereof nor any act or omission under the Plan (or resulting from the operation of the Plan) shall be construed:

(a) as conferring upon any Participant, Beneficiary or any other person a right or claim against the Trust, Trustees, Participating Employers or Administrator, except to the extent that such right or claim shall be specifically expressed and provided in the Plan;

(b) as creating any responsibility or liability of the Participating Employers for the validity or effect of the Plan;

(c) as a contract between the Participating Employers and any Participant or other person;

(d) as being consideration for, or an inducement or condition of, employment of any Participant or other person, or as affecting or restricting in any manner or to any extent whatsoever the rights or obligations of the Participating Employers or any Participant or other person to continue or terminate the employment relationship at any time; or

(e) as giving any Participant the right to be retained in the service of the Participating Employers or to interfere with the right of the Participating Employers to discharge any Participant or other person at any time.

20.05 USERRA Compliance. Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service shall be provided in accordance with Code Section 414(u), and as required by the Uniformed Services Employment and Reemployment Rights Act (“USERRA”).

20.06 Erroneous Payments. If the Trustees make any payment that according to the terms of the Plan and the benefits provided hereunder should not have been made, the Trustees may recover that incorrect payment, by whatever means necessary, whether or not it was made due to the error of the Trustees, from the person to whom it was made or from any other appropriate party. For example, if any such incorrect payment is made directly to a Participant, the Trustees may deduct it when making any future payments directly to that Participant.

20.07 Release. Any payment to any Participant shall, to the extent thereof, be in full satisfaction of the claim of such Participant being paid thereby and the Administrator may condition payment thereof on the delivery by the Participant of the duly executed receipt and release in such form as may be determined by the Administrator.

20.08 Liability. The Administrator shall not incur any liability in acting upon any notice, request, signed letter, telegram or other paper or document or electronic transmission believed by the Administrator to be genuine or to be executed or sent by an authorized person.

20.09 Governing Laws. The law of the State of Arkansas, except to the extent pre-empted by federal law, shall apply in determining the construction and validity of this Plan.

20.10 Necessary Parties to Disputes. Necessary parties to any accounting, litigation or other proceedings relating to the Plan shall include only the Trustees and the Administrator. However, the Service Manager is a necessary party for those duties that have been delegated to the Service Manager. The settlement or judgment in any such case in which the Trustees are duly served shall be binding upon all affected Participants in the Plan, their beneficiaries, estates and upon all persons claiming by, through or under them.

20.11 Severability. If any provision of the Plan shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of the Plan shall continue to be fully effective.

20.12 Supersession. The terms of the Plan shall supersede any previous Agreement between the parties pertaining to the Plan.

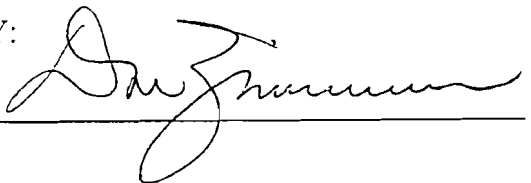
20.13 Counterparts. This Plan may be executed in one (1) or more counterparts, each of which shall constitute an original.

20.14 General Provision. Trustees may adopt procedures for persons to act on behalf of incompetent Participants and Beneficiaries.

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

date: 6/15/01

BY:



Don Zimmerman

[Please print your name]

Executive Director

[and your title]