CITY OF TEXARKANA, ARKANSAS

EMPLOYEE RETIREMENT PLAN

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CITY OF TEXARKANA, ARKANSAS

EMPLOYEE RETIREMENT PLAN

The City of Texarkana, Arkansas, an Arkansas municipal corporation, has previously established, effective July 1, 1979, a pension plan for certain of its employees. The Employer desires to amend and restate its Employees' Pension Plan, effective April 5th, 2021.

The amended and restated Plan has been approved by the legally constituted authority of Employer and is intended to qualify under § 401 and § 501 of the Internal Revenue Code of 1986, as amended from time to time. Under the amended and restated Plan, employee contributions are designated as picked up by the Employer, with the intention that such employee contributions are not subject to federal or state income taxes but are subject to FICA and Medicare taxes.

The terms and conditions of the Plan and Trust are as follows:

ARTICLE 1.

DEFINITIONS

As used in this document, the following terms shall have the indicated meanings:

1.01. "ACCRUED BENEFIT" shall mean the amount of benefit pursuant to Section 4.01 as of any date, expressed as a benefit at his Normal Retirement Date, based on his Average Monthly Compensation and Years of Service as of such date.

Notwithstanding any other provision in this Plan, the Accrued Benefit of a Transitioned Participant shall be equal to the amount of such Participant's Accrued Benefit as of June 30, 2012. No additional benefit shall accrue on behalf of such Participants.

1.02. "ACTUARIAL EQUIVALENCE" shall mean, for the purposes of establishing the present value of a stated benefit, the present value determined by discounting all future payments for interest and mortality on the following:

(a) Interest Rate: 6%.
(b) Mortality: pre-retirement: 1984 Unisex Projected Mortality Table.
post-retirement: 1984 Unisex Projected Mortality Table.

Notwithstanding the above, for lump sums payable under the Plan before July 1, 2009, the lump sum present value of a Participant's vested Accrued Benefit shall not be less than the present value of the Participant's Accrued Benefit using the following factors:

(a) Interest rate: annual interest rate on a 30-Treasury Securities as published in the Internal Revenue Bulletin for the second calendar month preceding the first day of the Plan Year, which rate shall remain constant for the Plan Year.

(b) Mortality: pre-retirement and post-retirement mortality projections taken from the 1983 group annuity table with 50% male and 50% female weighting of the mortality rates as described in Rev. Rul. 2001-62 or the successor mortality tables as prescribed by the Secretary of Treasury.

Further, for lump sums payable after June 30, 2009 (other than a return of Participant Contributions with Interest), the lump sum present value of a Participant's vested Accrued Benefit shall not be less than the present value of the Participant's Accrued Benefit as of June 30, 2009, using the following factors:

(a) Interest rate: annual interest rate on a 30-Treasury Securities as published in the Internal Revenue Bulletin for the second calendar month preceding the first day of the Plan Year in which the distribution is payable, which rate shall remain constant for the Plan Year. The interest rate shall in no event be less than the rate in effect for the Plan Year beginning July 1, 2011.

(b) Mortality: pre-retirement and post-retirement mortality projections taken from the 1983 group annuity table with 50% male and 50% female weighting of the mortality rates as described in Rev. Rul. 2001-62 or the successor mortality tables as prescribed by the Secretary of Treasury.

1.03. "ANNIVERSARY DATE" shall mean the first day of the Plan Year.

1.04. "ANNUITY STARTING DATE" shall mean the first day of the first period for which an amount is received as an annuity (whether by reason of retirement or disability).

1.05. "AVERAGE MONTHLY COMPENSATION" shall mean the monthly Compensation of a Participant averaged over the five consecutive complete calendar years with Employer which produce the highest monthly average. If a Participant has less than five complete calendar years with Employer his Average Monthly Compensation will be based on his monthly compensation during his actual years of service.

1.06. "BENEFICIARY" shall mean the person or other legal entity who under the Plan becomes entitled to receive a Participant's benefits upon his death, if any.

1.07. "CODE" shall mean the Internal Revenue Code of 1986, as amended.

1.08. "COMPENSATION" shall mean, with respect to any Employee, the total compensations paid to the Employer for services rendered to Employer which are subject to federal income tax, excluding noncash fringe benefits, but including elective contributions to a

cafeteria plan under Section 125 of the Code, section 132(f)(4) of the Code or to a deferred compensation plan under Section 457(b) of the Code.

For Plan Years beginning after December 31, 2001, annual compensation taken into account shall not exceed $200,000. The $200,000 limit on annual compensation shall be adjusted for cost-of-living increases in accordance with section 401(a)(17)(B) of the Code. The cost-of-living adjustment in effect for a calendar year applies to annual compensation for the determination period that begins with or within such calendar year.

For purposes of determining any accruals beginning after December 31, 2001, the annual compensation limit for any determination period beginning before January 1, 2002, shall be $150,000 for any determination period beginning in 1996 or earlier; $160,000 for any determination period beginning in 1997, 1998, or 1999; and $170,000 for any determination period beginning in 2000 or 2001.

The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which compensation is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than 12 months, the annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

Compensation shall include the amounts described in subsections (a) and (b) below even if paid after severance from employment, but only to the extent such amounts are paid by the later of 2 ½ months after severance from employment or by the end of the limitation year that includes the date of such severance from employment. Any other payment of compensation paid after severance of employment that is not described in the following types of compensation is not considered Compensation, even if payment is made within the time period specified above.

(a) **Regular pay**. Compensation shall include regular pay after severance of employment if:

(1) The payment is regular compensation for services during the participant's regular working hours, or compensation for services outside the participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments; and

(2) The payment would have been paid to the participant prior to a severance from employment if the participant had continued in employment with the Employer.

(b) **Leave cashouts**. Leave cashouts shall be included in Compensation, if those amounts would have been included in the definition of Compensation if they were paid prior to the participant's severance from employment, and the amounts are payment for unused accrued bona fide sick, vacation, or other leave, but only if the participant would have been able to use the leave if employment had continued.

(c) **Deferred compensation.** Deferred compensation shall not be included in Compensation.

(d) **Differential Wage Payments.** Differential wage payments, as defined in Code section 3401 as amended by the HEART Act, shall not be included in Compensation.

1.09. "EARLY RETIREMENT AGE" shall mean the day on which a Participant (1) attains his 55th birthdate and (2) has completed ten (10) Years of Service.

1.10. "EFFECTIVE DATE" of this Plan as amended and restated shall mean April 5th, 2021, unless otherwise provided.

1.11. "EMPLOYEE" shall mean any person on the payroll of the Employer whose wages from the Employer are subject to withholding for the purposes of Federal income taxes and for the purposes of the Federal Insurance Contributions Act.

Employees shall include Leased Employees.

An individual who is not classified for the relevant period as an Employee on the Employer's (or Affiliated Employer's) payroll records, whether because the individual is treated as an independent contractor or an employee of another person, shall not be an Employee, even if such classification is determined to be erroneous, or is retroactively revised pursuant to an audit by a governmental agency, civil litigation or otherwise, and even though such individual's pay shall be later determined to be subject to withholding as an employee for previous periods.

1.12. "EMPLOYER" shall mean City of Texarkana, Arkansas, or any organization which assumes the obligations of this Plan.

1.13. "EMPLOYMENT" shall mean service as an Employee, beginning on the date the Employee first performed an hour of service for Employer, and ending on the earlier of (a) the date on which Employee quits, retires, is discharged or dies, or (b) the first anniversary of the first date on which an Employee is absent from service for 12 consecutive months, by reason (with or without pay) of an authorized leave of absence.

Employment shall mean service only as a full time Employee. A full time Employee shall be any Employee whose job responsibilities require that he normally work at least 30 hours per week for the Employer. A part time Employee is not considered in the Employment of Employer for purposes of accruing a benefit or vesting. If a full time Employee becomes a part time Employee, he shall cease receiving credit for accrual of benefits and vesting.

Leaves of absence shall be authorized if granted by the Retirement Committee under rules applied on a uniform and nondiscriminatory basis, such as for (i) extended illnesses of an Employee which do not render him Disabled; or (ii) extended illnesses or death of a member of an Employee's family.

1.14. "ENTRY DATE" shall mean the January 1 or July 1 following completion of the eligibility requirements of Section 2.02.

1.15. "LEASED EMPLOYEE" shall mean any person (other than an Employee of the recipient) who pursuant to an agreement between the recipient and any other person ("leasing organization") has performed services for the recipient (or for the recipient and related persons determined in accordance with Section 414(n)(6) of the Code) on a substantially full-time basis for a period of at least one year, and such services are performed under the primary direction or control by the recipient employer. Contributions or benefits provided a leased employee by the leasing organization which are attributable to services performed for the recipient employer shall be treated as provided by the recipient employer.

1.16. "NORMAL RETIREMENT AGE" shall mean the date the Participant reaches age 65.

1.17. "NORMAL RETIREMENT DATE" shall mean the first day of the month coincident with or next following the Participant's Normal Retirement Age.

1.18. "PARTICIPANT" shall mean an Employee who shall have met all requirements for participation in the Plan. Each Participant ceases to be such when he terminates his Employment with Employer, except where pursuant to this Plan the distribution of benefits shall be deferred to a later date.

1.19. "PARTICIPANT'S CONTRIBUTIONS WITH INTEREST" shall mean the sum of the mandatory contributions made by the Participant under the Plan, plus interest (if any) on such contributions, computed at 4% per annum. Interest shall be calculated through the calendar quarter preceding distribution.

1.20. "PLAN" shall mean this document as now written and any amendments thereto which may be in force from time to time.

1.21. "PLAN YEAR" shall mean the twelve (12) month period ending June 30 of each year.

1.22. "PLAN YEAR OF SERVICE" shall mean a Plan Year during which an Employee was a Participant.

1.23. "RETIREMENT COMMITTEE" shall mean the persons appointed by the City Board of Directors pursuant to Article 8 to administer the Plan.

1.24. "TRANSITIONED PARTICIPANT" shall mean any Participant in the Plan who is not 100% vested in the Participant's Accrued Benefit under the provisions of section 5.01 as of June 30, 2012.

1.25. "TRUST AGREEMENT" shall mean the Agreement, if any, between Employer and the Trustee or successor Trustee named under the Trust Agreement executed concurrently herewith which provides for the administration of the Trust Fund.

1.26. "TRUSTEE" shall mean the person or persons or corporation having trust powers so designated by the Employer to serve as Trustee and who, by joining in the execution of the documents creating or amending this Plan, acting in his capacity as a party to the Trust, signifies his acceptance of this Trust, or any person or persons or corporation having trust powers duly appointed as a successor Trustee.

1.27. "YEAR OF SERVICE" shall mean a Year during which the Employee is in the Employment of the Employer.

Years of Service are determined using the elapsed time method.

Under the Elapsed Time Method, Years of Service are based upon an Employee's Elapsed Time of employment irrespective of the number of hours actually worked during such period; a Year of Service (including a fraction thereof) will be credited for each completed 365 days of Elapsed Time which need not be consecutive. The following terms are used in determining Years of Service under the Elapsed Time Method.

(a) Date of Severance (Termination) means the earlier of (i) the actual date an Employee resigns, is discharged, dies or retires, or (ii) the first anniversary of the date an Employee is absent from work (with or without pay) for any other reason, e.g., disability, vacation, leave of absence, layoff, etc.

(b) Elapsed Time means the total period of service which has elapsed between a Participant's Employment Commencement Date and Date of Termination.

(c) Employment Commencement Date means the date an Employee first performs one hour of service for the Employer.

(d) One Year Break-in-Service means any 365-day period following an Employee's Date of severance as defined above in which the Employee does not complete at least one hour of service.

(e) Period of Severance is the time between the actual Date of Severance as defined above and the subsequent date, if any, on which the Employee performs an hour of service.

All periods of Employment will be aggregated. For Employment prior to July 1, 2008, periods of Employment shall also include Periods of Severance unless the Employee has had a One-Year Break in Service.

If a Participant or former Participant is re-employed after a 1-year Break in Service, Years of Service for vesting and benefit calculation shall be subject to the following rules:

(i) Years of Service prior to a 1-year Break in Service shall not be counted until the Participant has been re-employed by the Employer for one year, after which time the waiting period shall be counted as a Year of Service.

(ii) If the rehired Participant had a vested Accrued Benefit at the time of his termination, all Years of Service prior to his termination shall be included in the aggregate Years of Service.

(iii) Each nonvested former Participant shall lose credit for Years of Service otherwise allowable under (i) and (ii) above if his consecutive 1-year Breaks in Service equal or exceed his pre-break Years of Service.

Solely for purposes of determining whether a 1-year Break in Service has occurred, in the case of an Employee who is absent from work beyond the first anniversary of the first date of an absence and the absence is for one of the following reasons, the Date of Severance from Service shall be the second anniversary of the Employee's absence from employment:

(a) the pregnancy of the Employee;

(b) the birth of a child of the Employee;

(c) the adoption of a child by the Employee; or

(d) caring for such child for a period immediately following birth or adoption.

The period between the first and second anniversary of the first date of absence shall not constitute vesting service.

Notwithstanding any other provision in this section, Years of Service after June 30, 2012 for Transitioned Participants will be counted only for the following purposes (1) determining such a Participant's vested interest under the Plan and (2) determining such Participant's eligibility for early retirement benefits under section 4.02.

ARTICLE 2.

ELIGIBILITY AND PARTICIPATION

2.01. ELIGIBILITY REQUIREMENTS. Only Employees who have met the eligibility requirements for participation in the Plan as of June 30, 2012, who have attained the Entry Date and who are not excluded from participation under the Plan as in effect before the Effective Date shall participate in the Plan after the Effective Date. Employees who do not satisfy all of such conditions shall not participate in this Plan.

If a Participant becomes a member of an excluded class of Employees, he shall be treated as a terminated Employee, except that Years of Service with the Employer after such date shall be counted for vesting purposes only.

If a Participant otherwise eligible under the above paragraphs of this section (such Employee met the eligibility requirements and entered this Plan as of June 30, 2012 or before and is not excluded) becomes eligible to participate in another plan with respect to service with the Employer, the Participant shall cease to benefit under this Plan (TAPERS), and the benefit of such Participant shall be frozen as of the date of such participation in another plan. If such individual later ceases to participate in such other plan, then the individual shall resume participation in TAPERS , and the Participant's benefit under TAPERS shall be calculated considering all of the service and compensation while the Participant was actively participating in TAPERS, and not counting service and compensation while not an active Participant in TAPERS.

2.02. PARTICIPATION. Participation in the Plan by an eligible Employee is a condition of employment.

2.03. PARTICIPANT CONTRIBUTIONS AFTER 6-30-2012. As a condition of employment with the Employer, the Employer shall deduct from the Compensation of each Participant (other than a Transitioned Participant) after June 30, 2012, on a payroll deduction basis, the amounts set forth in this section. The payroll deduction shall originally be 2% of Compensation, and may be adjusted upon recommendation by the Retirement Committee and approval by the City Board of Directors from time to time. Advance notice shall be provided to Participants of any adjustment. Once amounts are deducted from Employee's paychecks, the Employer shall assume the obligation for such amounts and shall pay such amounts to the Plan as Participant Contributions. Participant Contributions shall be considered "picked up" for federal tax purposes and therefore shall not be subject to federal income tax.

Except as provided in sections 5.02 and 5.03, the Participant shall not receive a refund of the Participant Contributions with Interest, but shall instead receive the Participant's Accrued Benefit as provided in this Plan.

2.04. ACCEPTANCE. No provisions of the Plan shall be construed as abridging or limiting any managerial right of the Employer, or giving an Employee or Participant the right to

be retained in employment with the Employer, or interfering with the right of the Employer to discharge any Employee or Participant at any time, subject to applicable law, regardless of the effect which such discharge may have upon him as a Participant.

ARTICLE 3.

CONTRIBUTIONS

3.01. FUNDING OF BENEFITS. The Employer shall contribute to the Plan 10% of covered Compensation of eligible Participants. The Board of Directors may change the level of contributions at any time.

Except as provided above, the Employer does not guarantee to make contributions to provide the benefits provided by the benefit formula specified in the Plan. Benefits shall be limited to the extent funded in the Trust, and nothing contained herein shall be construed as imposing any obligation on the Employer to continue its contributions hereunder or following any suspension of contributions to resume or thereafter to continue his contributions. No temporary suspension of contributions by Employer shall be deemed a termination of the Plan.

3.02. EMPLOYEE CONTRIBUTIONS. Except for any Participant Contributions as provided in section 2.03, Employees shall not be permitted to contribute to the Plan.

ARTICLE 4.

BENEFITS

4.01. NORMAL RETIREMENT INCOME. The Normal Retirement Income to be provided each Participant who retires on his Normal Retirement Date shall be in a form permitted under Article 6 of the Plan, determined on the basis of a benefit which shall commence on the Participant's Normal Retirement Date and which shall be payable on the first day of each month thereafter during his lifetime, where the monthly benefit is equal to 1.8% of Average Monthly Compensation, multiplied by his Years of Service. However, the Normal Retirement Income of a Transitioned Participant shall be equal to such Participant's Accrued Benefit.

4.02. EARLY RETIREMENT.

(a) A Participant whose Employment with the Employer is terminated for reasons other than death or disability on or after his Early Retirement Age but prior to his Normal Retirement Date shall be eligible to receive an Early Retirement Benefit, and his Early Retirement date shall be the first day of the month coincident with or next following the date on which said Employment terminates.

(b) The Early Retirement Benefit payable to a Participant who meets the requirements of paragraph (a) shall be in a form permitted under Article 5. The amount shall be his Accrued Benefit, adjusted as follows:

(i) If the Employee has attained age sixty (60) and completed twenty (20) or more Years of Service, or if the Employee has attained age fifty-five (55) and completed thirty (30) or more Years of Service, no reduction shall be made.

(ii) If the Employee has neither (i) attained age sixty (60) with twenty (20) Years of Service nor (2) attained age fifty-five (55) with thirty (30) Years of Service, retirement benefits shall be reduced 1/360th for each month or part thereof by which the payment commencement date precedes the first day of the month following the Participant's 65th birthday.

A Participant whose benefits under the Plan have not commenced may change the date elected prospectively on a request in writing to the Employer at least 30 days prior to the newly elected date.

4.03. LATE RETIREMENT BENEFITS. If a Participant retires after his Normal Retirement Date, the Participant shall be entitled to a late retirement benefit based on the formula in Section 4.01 as of his actual retirement date, with Years of Service and Average Monthly Compensation determined as of his actual retirement date; provided that the Normal Retirement Income for a Transitioned Participant shall be equal to the Participant's Accrued Benefit.

4.04. DISABILITY BENEFIT.

(a) Participants other than Transitioned Participants.

(i) If a Participant other than a Transitioned Participant has completed 10 Years of Service and the Participant becomes totally and permanently disabled, he shall receive a disability benefit under this Plan. If such a Participant becomes disabled and has not completed 10 Years of Service, no disability benefit shall be payable separate from the retirement benefits, if any, to which Participant is entitled.

(ii) The amount of monthly disability benefit shall be 1.8% multiplied by the Participant's Average Monthly Compensation as of his date of termination due to disability, multiplied by his Years of Service as if he had worked until his Normal Retirement Date.

(iii) The monthly income to which a Participant is entitled in the event of his disability will be payable on the first day of each month. The first payment will be made on the first day of the month coincident with or next following the Participant's termination of employment due to disability. The last payment will be as follows:

(A) If the Participant is determined in accordance with this Section to no longer be disabled prior to his Normal Retirement Date, the last payment will be the payment due next preceding the date of such recovery;

(B) If the Participant dies prior to his Normal Retirement Date without recovering from his disability, the last payment will be the payment due next preceding the date of his death; no further benefit shall be payable with respect to the Participant under this Plan; or

(C) If the Participant attains his Normal Retirement Date while still disabled, the last payment will be the payment due next preceding the Participant’s Normal Retirement Age.

(iv) On the Participant's Normal Retirement Age, the Participant shall be entitled to a retirement benefit under the terms of this Plan as if he had not been disabled based on his Average Monthly Compensation and his Years of Service as of the date of his termination of employment due to disability. If the Participant ceases to be disabled before Normal Retirement Age, the Participant shall receive his vested Accrued Benefit in accordance with this Plan as if he had not become disabled based on his Average Monthly Compensation and his Years of Service as of the date of his termination of employment

(v) For purposes of this Plan, a Participant shall be considered totally and permanently disabled if a physician or physicians chosen by the Retirement Committee certifies to the satisfaction of the Retirement Committee that the Participant is disabled by physical or mental condition, and such disability is likely to be continuous and permanent, such that

(A) During the period ending 24 months following the date of commencement of disability retirement income payments in accordance with this Section, the Participant is, in the opinion of the Retirement Committee, completely unable to perform any and every duty pertaining to his occupation;

(B) At any time after the end of the 24-month period following such date of commencement of disability retirement income payments, the Participant is, in the opinion of the Retirement Committee, due to such disability, wholly prevented from engaging in any substantial gainful employment for wage or profit.

(vi) The Retirement Committee before approving the payment of any disability retirement income shall require satisfactory proof, which may be in the form of a certificate from a duly licensed physician selected by the Retirement Committee, that the Participant has become disabled as provided herein. No more than twice each calendar year after commencement of disability retirement income, the Retirement Committee may similarly require proof of the continued disability of the Participant. If a Participant refuses to undergo medical examination, subject to the limits in the preceding sentence, and if the Retirement Committee provides sixty (60) days notice that disability benefits will cease unless the medical examination is conducted within such sixty (60) day period, the disability shall be deemed to have ceased at the end of the sixty (60) day period.

(vii) A Participant will not be entitled to receive any disability retirement income under this Section if, in the opinion of the Retirement Committee, the disability is a result of:

(A) Excessive and habitual use by the Participant of drugs, intoxicants, or narcotics;

(B) Injury or disease sustained by the Participant while wilfully and illegally participating in fights, riots, civil insurrections or while committing a felony;

(C) Injury or disease sustained by the Participant while serving in any armed forces;

(D) Injury or disease sustained by the Participant which was diagnosed or discovered subsequent to the date his employment was terminated;

(E) Injury or disease sustained by the Participant while working for anyone other than the Employer and arising out of such employment; or

(F) Injury or disease sustained by the Participant as a result of an act of war, whether or not such act arises from a formally declared state of war.

(b) Transitioned Participants. After the Effective Date, no separate disability benefit shall be provided for Transitioned Participants. Such Participants shall receive the benefit to which the Participant is entitled under sections 4.01, 4.02, 4.03 or Article 5, as applicable.

4.05. LIMITATION ON MAXIMUM BENEFITS.

(a) The annual benefit otherwise payable to a Participant at any time shall not exceed the maximum permissible benefit, as determined in (b) below. If the benefit the Participant would otherwise accrue in a limitation year produces an annual pension benefit in excess of the maximum permissible benefit, the rate of accrual will be reduced so that the annual pension benefit will equal the maximum permissible benefit.

If a Participant is, or has ever been, covered under more than one defined benefit plan maintained by the Employer, the sum of the Participant's annual benefits from all such plans, determined as of the same retirement age, may not exceed the maximum permissible benefit. If the sum of the annual benefits does exceed the maximum permissible benefit, the benefits from the plan in which benefits are currently being accrued will be reduced first. In the case where benefits are being accrued under more than one plan, including this Plan, the accruals under this Plan will be reduced prior to the benefits in the other plan(s.)

(b) Determination of annual pension benefit and maximum permissible benefit.

(1) Annual Pension Benefit. For purposes of this section, the term "annual pension benefit" shall mean for any limitation year, the benefit, expressed in a form payable at normal retirement age, payable annually in the form of a straight life annuity. Except as provided below, a benefit payable in a form other than a straight life annuity must be adjusted to an actuarially equivalent straight life annuity before applying the limitations of this section. No actuarial adjustment to the benefit is required for (1) the value of a qualified joint and survivor annuity, (2) the value of benefits that are not directly related to retirement benefits (such as the qualified disability benefit, pre-retirement death benefits, and post-retirement medical benefits), and (3) the value of post-retirement cost-of-living increases made in accordance with section 415(d) of the Code and the regulations thereunder.

Solely for purposes of determining whether a benefit exceeds the limits of Code section 415 under this section, for benefits payable other than in the form of a lump sum, the actuarially equivalent straight life annuity is equal to the greater of (i) the annual amount of the straight life annuity (if any) payable to the Participant under the Plan at the same annuity starting date as the form of benefit payable to the Participant or (ii) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the form of benefit payable to the Participant, computed using a 5 percent interest assumption and the applicable mortality table for that annuity starting date.

Solely for purposes of determining whether a benefit exceeds the limits of Code section 415 under this section, for benefits payable in the form of a lump sum, the actuarially equivalent straight life annuity is the greatest of: (i) the annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable, computed using the interest rate and mortality table specified in section 1.02; (ii) the annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit, computed using a 5.5% interest assumption and the applicable mortality table for the distribution; or (iii) the annual amount of the straight life annuity commencing on the annuity starting date that has the same actuarial present value as the particular form of benefit payable (computed using the

applicable interest rate and the applicable mortality table), divided by 1.05. The terms applicable interest rate and applicable mortality rate shall be as defined in the final 415 regulations.

(2) Maximum Permissible Benefit. For purposes of this section, the term "maximum permissible benefit" shall mean, for any limitation year, the defined benefit dollar limitation, as defined below. This amount may be further adjusted in Subsection (c). The "defined benefit dollar limitation" shall be $160,000, as adjusted, effective January 1 of each year, under section 415(d) of the Code in such manner as the IRS shall prescribe, and payable in the form of a straight life annuity. The new limitation will apply to limitation years ending with or within the calendar year for which the adjustment applies. Unless otherwise provided by law, adjustments for increases in the cost of living shall not be taken into account for any year before the year for which such adjustment first takes effect.

(3) Adjustments to the Maximum Permissible Benefit.

(i) If the Participant has less than ten (10) years of participation, the defined benefit dollar limitation described above, shall be multiplied by a fraction, the numerator of which is the number of years of participation and the denominator of which is ten (10). A Participant is credited with a year of participation (computed to fractional parts of a year) for each accrual computation period for which the Participant is credited with the period of service required under the terms of the Plan in order to accrue a benefit for the accrual computation period, and the Participant is included as eligible to participate in the plan for at least one day of the accrual computation period. A Participant who is permanently and totally disabled within the meaning of section 415(c) of the Code shall be credited with a year of participation (or part thereof) with respect to that period. In no event will more than one year of participation be credited for any twelve (12) month period.

(ii) For purposes of determining a member's "maximum permissible benefit," the defined benefit dollar limitation above shall be adjusted for commencement of benefits before the attainment of 62 or after the attainment of 65. If benefits commence before the Participant attains age 62, the defined benefit dollar limitation applicable to the Participant is an annual benefit payable in the form of a straight life annuity beginning at the earlier age that is the actuarial equivalent of the defined benefit dollar limitation at age 62, with the actuarial adjustment as provided in the final 415 regulations.

If benefits commence after the Participant attains age 65, the defined benefit dollar limitation applicable to the Participant is an annual benefit payable in the form of a straight life annuity beginning at the later age that is actuarially equivalent to the defined benefit dollar limitation at age 65, with the actuarial adjustment as provided in the final 415 regulations.

(4) Notwithstanding anything else in this Section to the contrary, the benefit otherwise accrued or payable to a Participant hereunder shall be deemed not to exceed the maximum permissible benefit limitation if:

(i) the retirement benefits payable for a Plan Year under any form of benefit with respect to such Participant under this Plan and under all other defined benefit plans (regardless of

whether terminated) ever maintained by the Employer do not exceed $1,000 multiplied by the Participant's number of years of service or parts thereof (not to exceed 10) with the Employer; and

(ii) the Employer has not at any time maintained a defined contribution plan, a welfare benefit fund, an individual medical account, or simplified employee pension, in which the Participant participated. For this purpose only, employee contributions under a defined benefit plan (whether voluntary or mandatory) are not treated as a defined contribution plan.

(4) Determination of annual benefit in the case of multiple annuity starting dates. If a Participant has or will have distributions commencing at more than one annuity starting date, then the limitations of section 415 must be satisfied as of each of the annuity starting dates, taking into account the benefits that have been or will be provided at all of the annuity starting dates. This will happen, for example, where benefit distributions to a participant have previously commenced under a plan that is aggregated for purposes of section 415 with a plan under which the participant receives current accruals. In determining the annual benefit for such a participant as of a particular annuity starting date, the plan shall actuarially adjust the past and future distributions with respect to the benefits that commenced at the other annuity starting dates. These adjustments must be made using the rules of §1.415(b)-2.

4.06. NON-DUPLICATION OF BENEFITS. It is the intent of this plan to avoid duplication of benefits provided under this Plan, or benefits under this Plan and another pension plan of the Employer or the pension plans of any other Employers with respect to which credit for prior service is given, if any, under this Plan. The following rules apply for the purpose of eliminating duplication:

(a) A benefit payable under this Plan shall be offset by the amount of employer-paid benefits earned under a pension plan of another employer for a period of service for which credit is given under this plan. Generally the offset shall be applied by reducing the benefit payable to the Participant under the Plan for the life of the Participant commencing at Normal Retirement Date by the benefit payable under the other pension plan in the same form and commencing at the same time; the resulting benefit shall be paid at the time and in the form determined under the provisions of the Plan. If the benefit under this Plan commences prior to the Participant's Normal Retirement Age, the offset shall be the Actuarial Equivalent of the benefit payable under the other pension plan. The offset shall be made whether or not the Participant has forfeited his prior benefit by withdrawing his contributions or has taken his prior benefit in a form other than the form in which benefits are payable under this Plan. However, a Participant's benefit under this Plan shall not be less than the benefit would have been if credit had not been given for the prior service with the other employer.

(b) A benefit payable under this Plan shall be offset by any benefit previously earned and payable to the Participant or his Beneficiary under this Plan. The offset shall be applied by reducing the benefit payable to the Participant under this Plan at the time the benefit commences by the Actuarial Equivalent of the prior benefit payable under the Plan.

4.07. BENEFITS NONFORFEITABLE UPON RETIREMENT. A Participant's right to his retirement benefits is nonforfeitable upon the attainment of his Normal Retirement Age.

4.08. TERMINATION PRIOR TO EARLY RETIREMENT. If a Participant terminates employment prior to his Early Retirement Age, his benefit shall be payable under Article 5.

4.09. ADJUSTMENT FOR OVERPAYMENTS AND UNDERPAYMENTS. Whenever as a result of administrative error, a benefit is paid in excess of the amount payable under the provisions of this Plan, the Participant shall immediately reimburse the Trustee upon written request the aggregate amount of such excess payment. If as a result of administrative error, the amount paid to the Participant is less than the amount to which he is entitled under the terms of this Plan, the Trustee shall immediately pay, upon discovery of such error, an amount equal to the deficiency through the date of such payment. Subsequent payments in either event shall be the correct amount payable under this plan.

4.10. MILITARY SERVICE.

(a) Effective as of December 12, 1994, notwithstanding any provision of this Plan to the contrary, with respect to a Participant who is in qualified military service, as defined in Code § 414(u)(5) and who is reemployed within the time required by law after the expiration of his qualified military service, such Participant may make-up any required Participant Contributions for the period of his qualified military service, based on his deemed compensation during his qualified military service as defined in Code § 414(u). Such make-up Participant Contributions may be made in either a single payment or in installments and must be made during the period beginning with the date of the Participant's reemployment after his military leave equal to the lesser of (i) three times the period of his military leave and (ii) five years. If such Participant makes the Participant contributions, the Participant shall be credited with Years of Service for the period required to be recognized for such military service which the Participant would have otherwise been entitled.

(b) The Plan does not elect to continue benefit accruals pursuant to the HEART Act for an individual who, on or after January 12, 2007, dies or becomes disabled (as defined under the terms of the plan) while performing qualified military service with respect to the Employer as if the individual had resumed employment in accordance with the individual's reemployment rights under USERRA, on the day preceding death or disability (as the case may be) and terminated employment on the actual date of death or disability.

4.11. TRANSFER OF EMPLOYMENT TO CITY OF TEXARKANA, TEXAS.

(a) In the event that a Participant transfers employment after July 1, 1998 from the Employer to the City of Texarkana, Texas, Years of Service with City of Texarkana, Texas shall be counted for vesting purposes in this Plan.

(b) For purposes of calculating the Accrued Benefit in this Plan for a Participant who transfers employment to the City of Texarkana, Texas, the Participant's Average Monthly Compensation may be multiplied by a multiplier established by the Board of Directors to reflect percentage increases in compensation received by other non-civil service employees of the Employer. The Employer may amend this section to effectuate such multiplier. In absence of any such amendment in any year, the Participant's Accrued Benefit shall be the same as of the end of the preceding year. In no event shall any distribution be made to any such Employee as long as the individual remains employed by either the Employer or the City of Texarkana, Texas.

(c) If a Participant transfers employment from the Employer to the City of Texarkana, Texas, after July 1, 1998 and subsequently qualifies for early retirement under the Texas Municipal Retirement System, such Participant may request a benefit under this Plan notwithstanding that the Participant has not qualified for an early retirement benefit under this Plan. The Accrued Benefit for such Participant shall be adjusted as follows:

(i) If the Employee has attained age sixty (60) and completed twenty or more Years of Service with the Employer or the City of Texarkana, Texas, or if the Employee has obtained age fifty five(55) and completed thirty (30) or more Years of Service with the Employer or the City of Texarkana, Texas, no reduction shall be made.

(d) (ii) If the Employee has neither (1) attained age sixty (60) with twenty (20) combined Years of Service nor (2) attained age fifty-five (55) with thirty (30) combined Years of Service, the benefit for such Participant shall be his Accrued Benefit, reduced 1/360th for each month or part thereof by which the payment commencement date precedes the first day of the month following the Participant's 65th birthday.

4.12. RETIREMENT AND REEMPLOYMENT

In the event that a Participant has attained the Normal Retirement Date and has actually terminated employment with Employer, the Participant may subsequently be reemployed by the Employer (at the discretion of the Employer) on a part-time basis, and such reemployment shall not affect the Participant's retirement benefits. Such Participant shall not in any event accrue any additional benefit under this Plan or any other retirement plan of the Employer as a result of service after re-employment.

ARTICLE 5.

TERMINATION OF SERVICE

5.01. VESTED INTEREST ON TERMINATION.

(a) If a Participant terminates service for reasons other than death or disability (in accordance with Section 4.04) prior to Early or Normal Retirement Age, he shall be entitled to a percentage of his Accrued Benefit, as determined in accordance with the following:

Years of Service at Termination of Employment	Vested Percentage
Less than 6	0%
6	20%
7	40%
8	60%
9	80%
10 or more	100%

(b) The vested benefit payable to a Participant who terminates employment shall be in a form permitted under Article 6. Distribution shall be payable commencing on the first day of the month following the Participant's Normal Retirement Age. No benefit shall be payable prior to that time.

5.02. SMALL BENEFITS. In the event the Participant is at least partially vested under section 5.01 but the present value of the Participant's vested Accrued Benefit is less than the Participant Contributions with Interest, the Participant shall be paid the Participant Contributions with Interest in a single sum as soon as administratively feasible after the end of the Plan Year in which termination occurs. In the event that the present value of the Participant's vested Accrued Benefit is greater than the Participant Contributions with Interest but the value of the Employer-provided benefit (the present value of the vested Accrued Benefit less the Participant Contributions With Interest) is less than or equal to $5,000, then the present value of the Participant's Accrued Benefit will be paid to the Participant or Beneficiary in a single sum as soon as administratively feasible after the end of the Plan Year in which termination occurs. If any single sum payment is made in accordance with this Section 5.02, no further benefit will be payable to the Participant, his Beneficiary, or his surviving Spouse, as the case may be. For purposes of this Section 5.02, the lump sum present value of the Accrued Benefit shall be computed according to the interest rate and mortality assumptions used to calculate the lump sum payment under Section 1.02.

Notwithstanding the above, if the total amount payable to the Participant shall exceed $1,000, distribution shall not be made without the Participant's consent.

5.03. OTHER TERMINATION OF EMPLOYEE. If a Participant's Employment is terminated and the Participant is not vested under Section 5.01, the Participant shall be entitled to the Participant Contributions with Interest, payable in a lump sum. Payment shall be made as soon as administratively feasible after the end of the Plan Year in which such Employee/Participant terminates. Interest shall be calculated through the end of the calendar quarter preceding distribution. No further benefit shall be payable to such Employee/Participant under the Plan.

ARTICLE 6.

FORM OF BENEFITS

6.01. JOINT AND SURVIVOR BENEFIT. The benefit to which a Participant is entitled normally shall be payable in equal monthly installments in accordance with paragraphs (a) and (b), unless the Participant (and his spouse, if applicable) elect, in the manner provided in Section 6.02, to have the benefit paid in another form permitted under Section 6.03.

(a) The benefit payable to a Participant who is married on the date the Participant's benefit commences shall be payable for the lifetime of the Participant, with one-half of the amount payable to the Participant continued thereafter for the lifetime of his spouse. The amount of the benefit shall be the Actuarial Equivalent of the life annuity for the Participant calculated under Section 1.02.

(b) The benefit payable to any Participant who does not have a spouse on the date the Participant's benefit commences shall be a benefit payable only for the lifetime of the Partici- pant.

6.02. ELECTION OF OPTIONAL RETIREMENT BENEFITS.

(a) Each Participant in the Plan may elect at anytime to waive the form of benefit payable under Section 6.01 and elect an optional form of benefit. Each Participant may revoke any such election at any time prior to commencement of benefits. Any such election or revocation must meet the requirements of paragraphs (b) and (c). Once a Participant has commenced receipt of benefits, any election is irrevocable.

(b) Any election under paragraph (b) shall not take effect unless

(i) the spouse, if any, of the Participant irrevocably consents in writing to such election, and the spouse's consent is witnessed by a notary public, or

(ii) it is established to the satisfaction of the Retirement Committee that the Participant has no spouse or that the spouse cannot be located.

Any consent (or establishment that no consent may be obtained) shall be effective only with respect to such spouse.

(c) The Retirement Committee shall provide to each Participant, within a reasonable period of time before the Annuity Starting Date, a written explanation of:

(i) The terms and conditions of the normal form of payment;

(ii) The Participant's right to make, and the effect of, an election under paragraph (b) to waive the normal form of benefit;

(iii) The right of the Participant's spouse under section 6.02(b); and

(iv) The right to make, and the effect of a revocation of such an election.

6.03. OPTIONAL PAYMENT FORMS.

(a) If a Participant elects not to receive the form of benefit named in Section 6.01, his benefits shall be distributed in such manner as the Participant shall elect in accordance with one or more of the following means:

(i) in the form of an annuity for the life of the Participant;

(ii) in the form of an annuity for the life of the Participant with payments guaranteed for up to 240 months;

(iii) in the form of an annuity for the life of the Participant and an annuity in the same amount for the life of his surviving Beneficiary after the Participant's death (joint and 100% survivor);

(iv) in the form of a 100% joint and survivor annuity with payments guaranteed for up to 240 months;

(v) in the form of equal monthly, quarterly, semi-annual or annual installments over a period not to exceed the lesser of 15 years or the Participant's life expectancy; or

(vi) in the form of a single sum payment.

(b) Any optional form of distribution shall be the Actuarial Equivalent of the life annuity for the Participant computed under Section 1.02.

6.04. REQUIRED DISTRIBUTIONS. Notwithstanding any other provision of this Plan, distribution shall commence no later than the required beginning date. Effective January 1, 2020, the required beginning date is April 1 following the later of (i) the calendar year in which the Participant reaches age 72 or (ii) the calendar year in which the Participant retires, provided that if the Participant attained age 70 ½ before January 1, 2020, "70 ½" shall be substituted for "72".

(b) Under no circumstances shall a Participant be permitted to select any method of payment unless, under the terms of the method selected, the entire interest of such Participant will be distributed in accordance with the final regulations prescribed by the Secretary of the Treasury under § 401(a) (9) of the Internal Revenue Code of 1986 over the life of the Participant (or over the lives of the Participant and his Spouse) or over a period not extending beyond the life expectancy of the Participant (or the joint life expectancy of the Participant and his Spouse).

(c) Under any option elected by a Participant that provides for payments to a Beneficiary after the death of the Participant, the benefits payable with respect to the

Participantin the event of his death shall not be more than incidental, as determined under the final regulations under Section 401(a) (9) of the Code.

6.05. DISTRIBUTION TO MINOR BENEFICIARY. In the event a distribution is to be made to a minor, then the Retirement Committee may, in its discretion, make such distribu- tion to the legal guardian or, if none, to a parent of such beneficiary with whom the Beneficiary maintains his residence. Such payment shall fully discharge the Trustee, the Employer and the Plan from all liability.

6.06. MAXIMUM PAYOUT TIME. Unless a Participant elects to defer in writing, payment of benefits under the Plan to the Participant shall begin not later than the 60th day after the end of the Plan Year in which the latest of the following occurs:

(i) the Participant attains the earlier of age 65 or the Normal Retirement Date specified under the Plan,

(ii) the 10th anniversary of the year in which the Participant commenced participation in the Plan, or

(iii) the Participant terminates his Employment with the Employer.

An election shall be made by submitting to the Retirement Committee a written statement, signed by the Participant, which describes the benefit and the date on which the payment of such benefit may commence. The failure of a Participant (and spouse, if applicable) to consent to a distribution while a benefit is immediately distributable shall be deemed to be an election sufficient to satisfy this Section.

6.07. DIRECT ROLLOVER. A distributee may elect, at the time and in the manner prescribed by the Retirement Committee, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover. An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include 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 years or more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; and any hardship distribution. An eligible retirement plan is an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, a qualified trust described in Section 401(a) of the Code, an annuity contract described in section 403(b) of the Code and an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state that accepts the distributee's eligible rollover distribution and that agrees to separately account for amounts transferred into such plan from this plan. A distributee includes an employee or former employee. In addition, the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse

who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, are distributees with regard to the interest of the spouse or former spouse. A direct rollover is a payment by the plan to the eligible retirement plan specified by the distributee. For purposes of the direct rollover provisions above, a portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in Section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in Section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible. The Plan will also permit rollovers of after-tax amounts to a 403(b) plan. The Plan will permit a Direct Rollover of an Eligible Rollover Distribution to a Roth IRA in a Qualified Rollover Contribution.

ARTICLE 7.

DEATH BENEFITS

7.01. DEATH OF PARTICIPANT BEFORE ANNUITY STARTING DATE.

(a) If a Participant dies prior to the Annuity Starting Date under the Plan, his Beneficiary shall be entitled to receive a death benefit as provided hereinafter. A Beneficiary shall be one hundred percent (100%) vested if the Participant dies while in the service of the Employer. A Beneficiary of a Participant who has terminated his employment but who dies prior to the payment of benefits shall be vested in the same percentage that such deceased was vested pursuant to the provisions of Article 5 hereof. For Participants dying after July 1, 2000 the amount of the death benefit shall be the present value of the Participant's vested Accrued Benefit as of the date of the Participant's death, calculated using the Actuarial Equivalent assumption in Section 1.02. The death benefit shall be payable in one of the forms specified in Section 6.03. No additional amounts shall be due with respect to the Participant's benefit under the Plan. Notwithstanding the above, the death benefit for a Participant who has had Participant Contributions made shall not be less than the Participant Contributions with Interest.

(b) The Retirement Committee may require such proper proof of death and such evidence of the right of any person to receive the death benefit payable as a result of the death of a Participant as the Retirement Committee may deem desirable. The Retirement Committee's determination of death and the right of any person to receive payment shall be conclusive.

7.02. DEATH BENEFITS UNDER USERRA-QUALIFIED MILITARY SERVICE. Notwithstanding section 7.01, **t**he Plan shall provide that the survivors of a Participant who dies while performing Qualified Military Service (as defined in Code section 414(u)), are entitled to any additional benefits provided under the Plan as if the Participant resumed service with the Employer and then terminated employment on account of death. The additional benefits shall not include benefit accruals relating to the period of Qualified Military Service.

7.03. DESIGNATION OF BENEFICIARY. Subject to Section 7.04, each Participant shall have the right to designate a Beneficiary or Beneficiaries to receive his death benefit upon his or her death if he dies before the Annuity Starting Date. Such designation shall be made in the form prescribed by the Retirement Committee and shall be effective for all purposes upon the delivery thereof to the Retirement Committee. The Participant shall have the right to change or revoke any such designation from time to time by filing a new designation or notice of revocation with the Retirement Committee. However, the requirements of Section 7.03 must be met. If a Participant shall fail to designate a Beneficiary or the designated Beneficiary shall predecease the Participant, the Participant's death benefit shall be paid:

(a) To his spouse, if living, or

(b) If his spouse is not then living, to his descendants, by right of representation, or

(c) If neither his spouse nor any descendants are then living, to his estate.

7.04. SPOUSAL CONSENT. The designation under Section 7.03 of a Beneficiary other than the Participant's spouse shall not be effective unless

(a) the spouse of the Participant consents in writing to such designation, and the spouse's consent acknowledges the effect of such election, is witnessed by a plan representative or a notary public, and is limited to a specific alternative beneficiary, or

(b) it is established to the satisfaction of the Retirement Committee that the consent required in paragraph (a) may not be obtained because there is no spouse.

Any consent by a spouse (or establishment that the consent of a spouse may not be obtained) under this section shall be effective only with respect to such spouse. Notwithstanding the above, if a former spouse is treated as the surviving spouse under a qualified domestic relations order as described in § 414(p) of the Code, this Section shall not apply to such amounts with respect to the Participant's current spouse.

7.05. DEATH OF PARTICIPANT AFTER ANNUITY STARTING DATE. If the Participant dies after the Annuity Starting Date, benefits, if any, shall be payable under the option selected. A death benefit shall not be payable under the Plan if a Participant dies after the Annuity Starting Date unless the form of benefit specifically provides for a benefit.

7.06. DIRECT ROLLOVER OF NON-SPOUSAL CONTRIBUTIONS.

(a) For distributions after December 31, 2006, a non-spouse Beneficiary who is a "designated beneficiary" under Code §401(a)(9)(E) and the regulations thereunder, by a direct trustee-to-trustee transfer ("direct rollover"), may roll over all or any portion of his/her distribution to an individual retirement account the Beneficiary establishes for purposes of receiving the distribution. In order to be able to roll over the distribution, the distribution otherwise must satisfy the definition of an eligible rollover distribution.

(b) Although a non-spouse Beneficiary may roll over directly a distribution as provided in this section, the distribution is not subject to the direct rollover requirements of Code §401(a)(31), the notice requirements of Code §402(f) or the mandatory withholding requirements of Code §3405(c). In a non-spouse Beneficiary receives a distribution from the Plan, the distribution is not eligible for a "60-day" rollover.

(c) If the Participant's named Beneficiary is a trust, the Plan may make a direct rollover to an individual retirement account on behalf of the trust, provided the trust satisfies the requirements to be a designated beneficiary within the meaning of Code §401(a)(9)(E).

(d) A non-spouse Beneficiary may not roll over an amount which is a required minimum distribution, as determined under applicable Treasury regulations and other Revenue Service guidance. If the Participant dies before his/her required beginning date and the non- spouse Beneficiary rolls over to an IRA the maximum amount eligible for rollover, the beneficiary may elect to use either the 5-year rule or the life expectancy rule, pursuant to

Treasury Regulation §1.401(a)(9)-d, A-4(c), in determining the required minimum distributions from the IRA that receives the non-spouse Beneficiary's distributions.

ARTICLE 8.

RETIREMENT COMMITTEE/ADMINISTRATION OF THE PLAN

8.01. ADMINISTRATION OF THE PLAN. The Plan shall be administered by the Retirement Committee, which shall perform such duties as are specified hereunder. The City Manager shall have oversight of the Retirement Committee. All decisions of the Retirement Committee shall be subject to review by the City Manager, and the City Manager may take action upon recommendation of the Retirement Committee and approval of the City Board of Directors.

8.02. DESIGNATION AND ACCEPTANCE. The Employer shall appoint the members of the Retirement Committee. The Employer may appoint one or more of the members of the Retirement Committee by position so that whoever is in that position shall be a member of the committee and when a person is no longer in such position, he or she is no longer a member of the committee. A member of the Committee shall not be required to be a Participant.

The Retirement Committee is hereby designated as agent for the service of legal process.

8.03. RESIGNATION AND REMOVAL.

(a) Members of the Retirement Committee may resign at any time by delivering to the Employer a written notice of resignation to take effect on a date specified therein, which shall not be less than thirty(30) days after the delivery thereof, unless such notice shall be waived.

(b) A member of the Retirement Committee may be removed with or without cause by the Employer or delivery of written notice of removal, to take effect at a date specified therein, which shall be not less than thirty (30) days after delivery thereof, unless such notice shall be waived.

(c) In the event that the Employer does not appoint a successor to a resigning or removed member of the Retirement Committee, the remaining members shall serve without replacement. In the event that all of the members of the Committee have resigned or been removed, the City Manager shall perform the duties of the Retirement Committee.

(d) A simple majority of the members of the Retirement Committee shall constitute a quorum, and any act by such majority, by vote at a meeting, or in writing without a meeting, shall constitute the action of the Retirement Committee. The Retirement Committee shall keep minutes of its meetings, and shall appoint and prescribe the duties of a chairman, and a secretary, who may, but need not be, one of its members.

8.04. POWERS. The Retirement Committee shall have full power and discretion to administer the Plan and to construe and apply all of its provisions. The Retirement Committee's powers and duties, unless properly delegated, shall include, but are not limited to:

(a) Determining questions of eligibility and benefit entitlement;

(b) Establishing policies for leaves of absence;

(c) Compiling and maintaining all records necessary for the Plan, including preparing, filing and furnishing reports and other documents required under the provisions of any law;

(d) Authorizing the Trustee, as applicable, to make payment of all benefits as they become payable under the Plan;

(e) Adopting rules and regulations for the administration of the Plan, not inconsistent with the Plan and Trust Agreement, if applicable;

(f) Engaging such legal, administrative, actuarial, investment, accounting, and other professional services as necessary;

(g) Interpreting the provisions of the Plan and making rules for the regulation of the Plan;

(h) Doing and performing such other matters as may be provided for in other parts of this Plan or the Trust Agreement, if applicable.

8.05. ACTIONS. The Retirement Committee, Employer and its legally constituted authority shall be entitled to rely conclusively upon the tables, valuations, certificates and reports furnished by an actuary or accountant employed by the Retirement Committee or an Insurer issuing contracts under this Plan, and/or upon opinions of counsel or other experts; and such members, and each of them, shall be fully protected as to any action taken or allowed by them in good faith and reliance upon any such tables, valuations, certificates, reports or opinions; and all actions taken or allowed by them shall be conclusive upon all persons having or claiming any interest under the Plan.

8.06. EXPENSES. The Employer, or in its absence, the trust fund, if any, shall reimburse the Retirement Committee for any necessary or proper expenses incurred in exercising its duties. Except for such reimbursement, the members of the Committee Board shall not receive any compensation for the administration of the Plan.

8.07. CLAIM PROCEDURE.

(a) Any Participant or Beneficiary may file with the Retirement Committee a written statement setting forth a claim for benefits. The written statement shall be signed and set forth the claim in a manner reasonably calculated to bring it to the Retirement Committee's attention.

(b) If a claim is wholly or partially denied, notice of the decision shall be furnished by the Retirement Committee to the claimant within ninety (90) days after receipt of the claim. If within such ninety (90) days, the claim has neither been denied in writing nor granted, it shall be deemed denied on the 90th day.

(c) Any notice of denial of claim shall be written in a manner calculated to be understood by the claimant and shall include the following:

(i) the specific reason or reasons for denial;

(ii) specific reference to pertinent plan provisions on which the denial is based;

(iii) a description of additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and

(iv) appropriate information as to the steps to be taken if the claimant wishes to submit the claim for review.

(d) A claimant may obtain a full and fair review by appealing a denied claim to the Retirement Commitee in writing within sixty (60) days after receipt by the claimant of the notice of denial. A claimant may review pertinent documents and may submit issues and comments in writing. An appeal may be requested or pursued by a duly authorized representative of the claimant. Within sixty (60) days of receipt of a request for review, a written decision shall be rendered. The decision on review shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, as well as specific references to the pertinent provisions of the Plan on which the decision is based.

8.08. INDEMNIFICATION OF THE RETIREMENT COMMITTEE. The Retirement Committee shall be indemnified by the Employer against any and all liabilities arising by reason of any act or failure to act made in good faith pursuant to the provisions of the Plan if the act or failure to act is judicially determined not to be a breach of fiduciary responsibility. The indemnification shall include expenses and attorney's fees reasonably incurred in the defense of any claim relating thereto. When making a determination or calculation, the Retirement Committee shall be entitled to rely conclusively upon, and shall be ruly protected by the Employer in any action it may take or suffer in reliance upon, information furnished by the Employer. The Employer and Retirement Committee shall be entitled to rely upon all reports furnished by any consultant and actuary and upon all opinions given by legal counsel selected by the Employer and Retirement Committee.

8.09. INVESTMENT MANAGER. The Retirement Committee shall have the right, but shall be under no obligation, to appoint an investment manager or managers to direct the investment of all or of any portion of the assets of the Plan. The investment manager or managers shall be:

(a) Registered as an investment advisor under the Investment Advisor's Act of 1940,

(b) A bank as defined in the Act, or

(c) An insurance company qualified to manage, acquire or dispose of assets of the Plan under the laws of more than one State.

Upon appointment, the investment manager shall certify and acknowledge to the Retirement Committee receipt of a copy of the Plan and Trust, if any, that the investment manner is fiduciary with respect to such Plan and Trust, and that the investment manager has assumed the duties and responsibilities conferred by the Retirement Committee.

ARTICLE 9.

AMENDMENT OF PLAN

9.01. RIGHT OF EMPLOYER TO AMEND PLAN. The Plan may be amended upon approval by the City of Texarkana, Arkansas Board of Directors. A copy of such amendment shall be delivered to the Trustee, if any. All Participants shall be bound by amendments adopted in accordance herewith, subject to the following provisions:

(a) No amendment shall increase the duties or liabilities of the Trustee or the Retirement Committee without their respective written consents.

(b) No amendment may make it possible for any part of the corpus or income of the Plan to be used or diverted to purposes other than for the exclusive benefit of the Participants or their Beneficiaries, if such diversion is not allowed by applicable law.

ARTICLE 10.

TERMINATION OF PLAN

10.01. TERMINATION OF PLAN. The Employer shall have the right to terminate the Plan at any time by delivering to the Retirement Committee and Trustee, if any, notice of such termination. Upon termination, distribution of the Participants' Accrued Benefits, to the extent funded, shall be made at such time and in such manner as though the Plan had not been terminated. Such payments may be made through the purchase of annuities. Any assets exceeding those necessary to fund the Participants' Accrued Benefits as of date of termination and pay applicable Plan expenses shall revert to the Employer.

10.02. NONFORFEITURE PROVISIONS. It is hereby expressly provided that upon termination of the Plan, the rights of all Participants to benefits accrued to the date of such discontinuance, to the extent then funded, shall be nonforfeitable.

ARTICLE 11.

MISCELLANEOUS PLAN PROVISIONS

11.01. HEADINGS AND SUBHEADINGS. The headings and subheadings in this Agreement are inserted for convenience of reference only and are not to be considered in construction of the provisions hereof.

11.02. INTERPRETATION. This Plan and Trust shall be construed, administered and governed in all respects under and by the laws of the State of Arkansas. In that connection, wherever appropriate, singular words used in this Agreement may include the plural, the plural may include the singular, and the masculine may include the feminine or neuter gender.

11.03. SUCCESSORS AND ASSIGNS. This Agreement shall inure to the benefit or, and be binding upon, the parties hereto, their beneficiaries, heirs, executors, administrators, and assigns.

11.04. FAILURE OF INITIAL QUALIFICATION. In the event this Plan or Trust shall initially fail to qualify under § 401 of the Internal Revenue Code of 1986, as amended, all contributions, together with any income received or accrued thereon, less appropriate expenses payable by the Trustee which have not been paid by the Employer, shall be returned to the Employer, or to the person making such contribution, as the case may be, within one year after the date the initial qualification is denied. Notwithstanding any other provision to the contrary in this Plan or the Trust Agreement, no Participant or Beneficiary shall have any vested right or claim to any assets of the Trust Fund resulting from Employer contributions prior to the issuance by the Internal Revenue Service of a favorable letter of determination, providing application for determination of qualification is made within the time prescribed by law for filing the Employer's tax return for the tax year in which the Plan is adopted.

11.05. SUCCESSOR EMPLOYER. In the event of a dissolution, merger or consolidation of the Employer, provisions may be made by the successor for the continuance of this Plan, and said successor shall in such event be substituted in the place of the present Employer by an instrument authorizing such substitution executed by the Employer and its successor, a copy of which shall be delivered to the Trustee, if any.

11.06. SERVICE FOR PREDECESSOR EMPLOYER. For all purposes of this Plan, if the Employer is maintaining the Plan of a predecessor employer, service for such predecessor shall be treated as service for the Employer.

11.07. CONTROLLED CORPORATIONS, AFFILIATED SERVICE GROUPS AND LEASED EMPLOYEES. For all purposes of this Plan, service with certain related employers is treated as service for the Employer. These related employers include members of a controlled group of corporations (within the meaning of Internal Revenue Code Section 563(a), determined without regard to subsections (a)(4) and (e)(3)(c) thereof), trades or businesses (whether or not incorporated) which are under common control, and affiliated service groups (within the meaning of Section 414(m) of the Internal Revenue Code. Also, for purposes of the pension requirements of Section 414(n) (3) of the Code, leased employees (as defined in Section 414(n) (2), shall be treated as employees of the Employer.

11.08. MISTAKE IN CONTRIBUTION. In the event that a contribution is made by reason of a mistake of fact, it shall be returned to the Employer. The amount to be returned to the Employer is the excess of (a) the amount contributed over (b) the amount which would have been contributed had there not occurred a mistake of fact. The return to the Employer of the amount involved must be made within one year of the mistake in payment. Earnings attributable to the excess contribution may not be returned to the Employer, but losses attributable thereto must reduce the amount to be so returned. If the withdrawal of the amount attributable to the mistake in contribution will cause the balance of Plan assets to be reduced to less than the balance which would have existed had the mistaken amount not been contributed, then the amount to be returned to the Employer shall be reduced so as to avoid such reduction.

11.09. SPENDTHRIFT CLAUSE. No person entitled to any benefits under this Plan shall have any right to assign, transfer, hypothecate, encumber, commute or anticipate his interest in any benefits under this Plan, and such benefits shall not in any way be subject to any legal process or levy of execution upon, or attachment or garnishment proceedings against, the same for the payment of any claim against any such person.

The above paragraph shall not apply to the creation, assignment or recognition of any benefit payable with respect to any Participant pursuant to a domestic relations order, to the extent required by applicable law.

11.10. LOANS TO PARTICIPANTS. No loans shall be made to a Participant.

11.11. EXCLUSIVE BENEFIT. The Employer shall have no beneficial interest in the Fund or any part thereof, and no part of the Fund shall ever revert or be repaid to the Employer, either directly or indirectly, except as set forth in the Plan. The corpus or income of the Fund may not be diverted to or used for other than the exclusive benefit of the Participants and their Beneficiaries

11.12. NON-TRANSFERABILITY OF ANNUITY CONTRACTS. All annuity contracts issued under the Plan shall be non-transferrable at any time when such contracts are held by any person other than a Trustee. On any distribution of annuity contracts held hereunder, such contracts shall first be endorsed to provide in substance that such contracts may not be sold, assigned, discounted, or pledged as collateral for a loan or as security for the performance of any obligation or for any other purpose, to any person other than the insurance company issuing such contracts.

Executed by Employer on this the 5th day of April, 2021.

CITY OF TEXARKANA, ARKANSAS

By_____
Its Interim City Manager