SUPPLEMENTAL RETIREMENT INCOME PLAN OF NORTH CAROLINA

Effective January 1, 1985

As Amended and Restated on December 10, 2015

Amended through May 25, 2023

PREAMBLE

The Supplemental Retirement Income Plan A of North Carolina ("Plan A"), the Supplemental Retirement Income Plan B of North Carolina ("Plan B"), and the Supplemental Retirement Income Plan C ("Plan C") were established as of January 1, 1985. Effective as of January 1, 2002, Plan A, Plan B and Plan C were amended to comply with the provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001.

Effective as of the close of business on September 30, 2003, Plan B and Plan C were merged into and succeeded by Plan A. Effective as of October 1, 2003, Plan A was renamed the Supplemental Retirement Income Plan of North Carolina ("Plan") and amended and restated in its entirety. The Plan was amended and restated, effective as of January 1, 2007 to reflect certain design changes and amendments that went into effect after the restatement of the Plan in 2003. The Plan is now amended and restated, effective as of December 10, 2015 to reflect certain design changes and amendments adopted through this December 10, 2015 restatement of the Plan. The Plan is intended to be a qualified profit-sharing plan as that term is defined by Section 401 of the Internal Revenue Code (the "Code") and to be a qualified cash-or-deferred arrangement under Section 401(k) of the Code.

Except as otherwise herein specified, the rights and benefits of any Member who retires or whose employment is terminated before the effective date of the restatement of the Plan or any amendment to the Plan, including such person's eligibility for benefits, shall be determined solely in accordance with the provisions of the Plan in effect and operative at the time of such retirement or termination, unless otherwise required by law, or unless such person is thereafter reemployed and again becomes an employee eligible to participate in the Plan.

SUPPLEMENTAL RETIREMENT INCOME PLAN OF NORTH CAROLINA

Effective January 1, 1985
As Amended and Restated Effective December 10, 2015
Amended through February 23, 2023

ARTICLE 1. DEFINITIONS

1.01 "**Accounts**" means the Deferred Account, the Employer Account, effective as of June 1, 2006, the Roth Account, the Rollover Account and the Transfer Account.

1.02 "**Annual Dollar Limit**" means the annual dollar limit set forth in Section 401(a)(17)(A) of the Code, as adjusted from time to time for cost of living in accordance with Section 401(a)(17)(B) of the Code.

1.03 "**Annuity Starting Date**" means the first day of the first period for which an amount is paid following a Member's retirement or other termination of employment.

1.04 "**Beneficiary**" means any person or persons (whether individual(s) or entity(ies)) named by a Member by written designation filed with the Administrator to receive benefits payable in the event of the Member's death. If no such designation is in effect at the time of death of the Member, or if no person or persons so designated shall survive the Member, the Beneficiary shall be the estate of the Member. An alternate payee (pursuant to a qualified domestic relations order) or a Beneficiary (individual only, excluding trusts and other entities) with an Account also may designate a Beneficiary for the Account.

1.05 "**Board**" means the Supplemental Retirement Board of Trustees as established under the provisions of N.C.G.S. 135-96.

1.06 "**Catch-Up Contributions**" means Tax-Deferred Contributions (effective January 1, 2002) and Roth Contributions (effective June 1, 2006) made to the Plan pursuant to Section 3.01(b), which constitute Catch-Up Contributions under Section 414(v) of the Code. The determination of whether any contribution constitutes a Catch-Up Contribution for a Plan Year shall be determined as of the end of such Plan Year, in accordance with Section 414(v) of the Code and the regulations thereunder.

1.07 "**Code**" means the Internal Revenue Code of 1986, as amended from time to time.

1.08 "**Compensation**" means, except as provided in Appendix B, all salaries and wages prior to any reduction pursuant to Sections 125, 132(f), 401(k), 403(b), 414(h)(2), and 457 of the Code, not including any terminal payments for unused sick leave derived from public funds, which are earned by a Member while an Employee of an Employer. Compensation shall not include any payment, as determined by the Board of Trustees, for the reimbursement of expenses or payments for housing or any other allowances whether or not classified as salary and wages. However, Compensation for a Plan Year shall not exceed the Annual Dollar Limit. Notwithstanding the foregoing, effective as of January 1, 2004, with respect to a Member who is a member of the General Assembly contributing to the Legislative Retirement System, "Compensation" means salary and expense allowance paid to a Member for service as a legislator in the North Carolina General Assembly, exclusive of travel and per diem. Notwithstanding the foregoing, effective January 1, 2009, Compensation shall include differential wage payments within the meaning of Section 3401(h) of the Code.

1.09 "**Deferred Account**" means the account into which shall be credited the Tax-Deferred Contributions made on a Member's behalf and earnings on those contributions.

1.10 **"Deferred Cash Contributions"** means the Tax-Deferred Contributions and Roth Contributions contributed pursuant to Section 3.01.

1.11 "**Earnings**" means the amount of earnings to be returned with any excess deferrals under Section 3.01 determined in accordance with regulations prescribed by the Secretary of Treasury under the provisions of Section 402(g) of the Code.

1.12 "**Effective Date**" means January 1, 1985.

1.13 "**Employee**" means

(a) with respect to Part "A", a person who is a contributing member of the Teachers' and State Employees' Retirement System of North Carolina (who is not a state-employed law enforcement officer), the Consolidated Judicial Retirement System or the Legislative

Retirement System or a person who is a contributing participant in the Optional Retirement Program;

(b) with respect to Part "B", a person who is a contributing member of the Local Governmental Employees' Retirement System, a person who is a law enforcement officer employed by any political subdivision of the State of North Carolina or a person who is an employee of a political subdivision of the State of North Carolina and is a participating member of a retirement or pension plan qualified under Section 401(a) of the Code which is sponsored by a political subdivision of the State of North Carolina; and

(c) with respect to Part "C", a person who is employed by the State of North Carolina as a law enforcement officer and who is (i) a contributing member of the Teachers' and State Employees' Retirement System of North Carolina or (ii) eligible for allocations under another pension plan qualified under Section 401(a) of the Code, which is sponsored by a political subdivision.

1.14 "**Employer**" means, with respect to its employees, the State of North Carolina, any employer as that term is defined in N.C.G.S. 128-21(11) or N.C.G.S. 135-1(11) and any other political subdivision of the state or other entity under the control of the state or one of its political subdivisions as approved by Board of Trustees.

1.15 "**Employer Account**" means the account into which shall be credited the Employer contributions made on a Member's behalf pursuant to Section 3.02 and earnings on those contributions.

1.16 "**Enrollment Date**" means any business day of a calendar month.

1.17 "**Fund**" or "**Investment Fund**" means the separate funds in which contributions to the Plan are invested in accordance with Article 4.

1.18 "**Highly Compensated Employee**" means for a Plan Year commencing on or after January 1, 1997, any employee of the Employer (whether or not eligible for membership in the Plan) who for the preceding Plan Year received Statutory Compensation in excess of $80,000. The $80,000 dollar amount in the preceding sentence shall be adjusted from time to time for cost of living in accordance with Section 414(q) of the Code.

The provisions of this Section shall be further subject to such additional requirements as shall be described in Section 414(q) of the Code and its applicable regulations, which shall override any aspects of this Section inconsistent therewith.

1.19 "**Member**" means any person included in the membership of the Plan as provided in Article 2.

1.20 "**Nonhighly Compensated Employee**" means for any Plan Year an employee of the Employer who is not a Highly Compensated Employee for that Plan Year.

1.21 "**Notice**" means the indication by the Employee of his wishes through the means written, electronic, or telephone, provided for the particular purpose by the Primary Administrator.

1.22 "**Plan**" means the Supplemental Retirement Income Plan of North Carolina which is comprised of

(a) Part "A" covering Employees who meet the requirements provided in item 1 of Appendix A;

(b) Part "B" covering Employees who meet the requirements provided in item 2 of Appendix A; and

(c) Part "C" covering Employees who meet the requirements provided in item 3 of Appendix A,

as set forth in this document or as amended from time to time.

1.23 "**Plan Year**" means the 12-month period beginning on any January 1.

1.24 "**Primary Administrator**" means the Retirement Systems Division of the North Carolina Department of the State Treasurer.

1.25 "**Retirement System**" means the Teachers' and State Employees' Retirement System of North Carolina, the Consolidated Judicial Retirement System, the Legislative Retirement System and the Local Governmental Employees' Retirement System.

1.26 "**Rollover Account**" means the account credited with Rollover Contributions made by the Member

and earnings on those contributions. Beginning January 1, 2002, before-tax amounts rolled over from an eligible deferred compensation 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 shall be accounted for separately within the Member's Rollover Account. Beginning January 1, 2002, after-tax amounts rolled over from a plan qualified under Section 401(a) of the Code shall be accounted for separately within the Member's Rollover Account. Effective on and after June 1, 2006, amounts attributable to Roth Contributions directly rolled over from a plan qualified under Section 401(a) of the Code shall be credited to a Member's Roth Account (or subaccount thereof).

1.27 "**Rollover Contributions**" means amounts contributed pursuant to Section 3.08.

1.28 **"Roth Account"** means the account credited with Roth Contributions, and earnings on those contributions. Unless otherwise indicated, any reference in the Plan to the Roth Account shall be deemed to refer as well to the In-Plan Roth Conversion Subaccount described in Sections 7.05 and 9.10.

1.29 "**Roth Catch-Up Contributions**" means the amount of **Catch-up Contributions** that the Member elects to include in gross income at the of time of deferral into the Plan pursuant to Section 3.01(c).

1.30 **"Roth Contributions"** means the amount of Deferred Cash Contributions contributed under Section 3.01 that the Member elected to include in gross income at the time of deferral in the Plan pursuant to Section 3.01(c).

1.31 "**Special Contributions**" means all amounts contributed pursuant to Section 3.02 of the Plan.

1.32 "**Tax-Deferred Catch-Up Contributions**" means the amount of Catch-up Contributions that are excluded from gross income at the of time of deferral into the Plan.

1.33 "**Tax-Deferred Contributions**" means the amount contributed pursuant to Section 3.01 that are excluded from gross income at the of time of deferral into the Plan.

1.34 "**Transfer Account**" means the account into which shall be credited the Transfer Contributions made by a Member and earnings on those contributions.

1.35 "**Transfer Contributions**" means the contributions which were transferred to the Plan by the Member from another qualified plan pursuant to Section 3.03.

1.36 "**Trust**" or "**Trust Fund**" means the fund established by the Board as part of the Plan into which benefits are to be paid in accordance with the terms of the Plan.

1.37 "**Trustees**" means the trustees holding the funds of the Plan as provided in Section 11.01.

1.38 "**Valuation Date**" means the date or dates in each calendar month on which any valuation is made, as determined by the Primary Administrator in accordance with procedures established pursuant to Section 5.04.

ARTICLE 2. ELIGIBILITY AND MEMBERSHIP

2.01 Eligibility

Each employee shall be eligible to become a Member on any Enrollment Date coincident with or next following the date on or after the date he becomes an Employee of an Employer participating in the Plan (an "Eligible Employee").

Notwithstanding the foregoing, the eligibility for the Plan of Employees who otherwise would be eligible to become Members can be delayed by the Primary Administrator until the Primary Administrator is satisfied that the payroll systems applicable to those Employees have been significantly modified to permit such Employees to contribute to the Plan.

2.02 Membership

(a) Each person who was a Member under the Plan on December 9, 2015 shall continue as a Member on December 10, 2015, subject to the provisions of Section 2.05.

(b) Each other person who is an Eligible Employee shall become a Member on the first Enrollment Date which is at least 60 days, or such shorter period as the Employer determines, after the date he files with the Employer a Notice in accordance with procedures prescribed by the Primary Administrator on which he:

(i) makes the election described in Section 3.01;
(ii) authorizes the Employer to reduce his Compensation to make Deferred Cash Contributions on his behalf;
(iii) makes an investment election; and
(iv) names a Beneficiary,

or, if earlier, the date on which a Special Contribution under Section 3.02 is made on his behalf.

2.03 Reemployment of Former Employees and Former Members

Any person reemployed by the Employer as an Eligible Employee, who was previously a Member or who was previously eligible to become a Member shall be immediately eligible to become a Member of the Plan and shall be eligible to make Deferred Cash Contributions upon the filing of a Notice in accordance with Section 2.02. Any person reemployed by the Employer as an Eligible

Employee, who was not previously eligible to become a Member, shall become a Member upon completing the eligibility requirements described in Section 2.01 and the membership requirements in Section 2.02.

2.04 Transferred Members

A Member who remains in the employ of the Employer but ceases to be an Eligible Employee shall continue to be a Member of the Plan but shall not be eligible to make Deferred Cash Contributions or receive allocations of Employer Special Contributions while his employment status is other than as an Employee.

2.05 Termination of Membership

A Member's membership shall terminate on the date he is no longer employed by an Employer unless the Member is entitled to benefits under the Plan, in which event his membership shall terminate when those benefits are distributed to him.

2.06 Automatic Enrollment

(a) **General Rule**. If automatic enrollment is authorized by the General Assembly, and except as provided in Section 2.06(c) below, if an Eligible Employee has not affirmatively elected either to make or not to make Deferred Cash Contributions under Section 3.01, such Eligible Employee is deemed to have elected to become a Member and have an enrollment application filed on his behalf. The Member will be deemed to have elected to defer a set percentage of his Compensation to the Plan, in the percentage established by the General Assembly and as set forth in procedures of the Primary Administrator. An Eligible Employee will have a reasonable period of time, as established by the Primary Administrator, after receipt of any notice required by the Code, Treasury Regulations, and other applicable guidance, to make an affirmative election regarding Deferred Cash Contributions before the deemed election to make such contributions shall become effective.

(b) **Default Investment**. When an Investment Fund has not been affirmatively selected by the Member, contributions made under the deemed election of Section 2.06(a) shall be invested in a default Investment Fund determined by the Primary Administrator and the Board.

(c) **Employee Election**. This Section 2.06 shall not apply, or shall cease to apply, to the extent an Eligible Employee files an enrollment application or elects to have no Deferred Cash

Contributions contributed to the Plan.

ARTICLE 3. CONTRIBUTIONS

3.01 Deferred Cash Contributions

(a) A Member may elect on his application filed under Section 2.02 to reduce by a specified percentage or whole dollar amount his Compensation payable while a Member and have that amount contributed to the Plan by the Employer. Such total amount contributed shall not exceed 80% of such Member's Compensation (or said lesser percentage as the Primary Administrator may determine). That amount shall be contributed to the Plan by the Employer as Deferred Cash Contributions in a manner to be determined by the Primary Administrator. Any Deferred Cash Contributions elected under this Section 3.01 shall be allocated to the Member within the Plan Year for which they are contributed and shall be paid to the Trustee as soon as practicable. Deferred Cash Contributions shall be further limited as provided below and in Section 3.06.

(b) Effective for taxable years beginning after December 31, 2001, a Member who is eligible to make Deferred Cash Contribution under Section 3.01(a) of the Plan and who has attained or will attain age 50 by the last day of the taxable year may elect, in accordance with procedures prescribed by the Primary Administrator, to make Catch-Up Contributions for that taxable year in accordance with and subject to the limitations of Section 414(v) of the Code. Such Catch-Up Contributions shall be subject to the following special rules:

(i) A Member's Catch-Up Contributions shall not be taken into account for purposes of applying the limitations under Sections 402(g) and 415 of the Code.

(ii) The determination of whether a Deferred Cash Contribution under this Section constitutes a Catch-Up Contribution for any taxable year shall be determined as of the end of such taxable year, in accordance with Section 414(v) of the Code. Deferred Cash Contributions that are intended to be Catch-Up Contributions for a taxable year but which do not qualify as Catch-Up Contributions as of the end of the taxable year shall be treated for all purposes under the Plan as Deferred Cash Contributions made under Section 3.01(a).

(iii) In the event that the sum of a Member's Catch-Up Contributions and similar contributions to any other qualified defined contribution plan maintained by the Employer exceeds the dollar limit on Catch-Up Contributions under Section 414(v) of the Code for any taxable year as in effect for such taxable year, the Member shall be deemed to have elected a return of the Catch-Up Contributions

in excess of the limit under Section 414(v) of the Code and such amount shall be treated in the same manner as "excess deferrals" under Section 3.01(e).

(iv) If a Member makes Catch-Up Contributions under a qualified defined contribution plan maintained by an employer other than the Employer and/or Code Section 403(b) plan for any taxable year and those contributions when added to his Catch-Up Contributions exceed the dollar limit on Catch-Up Contributions under Section 414(v) of the Code for that taxable year, the Member may allocate all or a portion of such "excess Catch-Up Contributions" to this Plan. In the event such Member notifies the Administration of the "excess Catch-Up Contributions" in the same manner as is required for allocated "excess deferrals" under Section 3.01(d), such "excess Catch-Up Contributions" shall be distributed in the same manner as "excess deferrals" under Section 3.01(f).

(v) The Employer shall not take a Member's Catch-Up Contributions into account for purposes of determining the amount of Special Contributions under Section 3.02.

(vi) A Member's Catch-Up Contributions shall be subject to the same withdrawal and distribution restrictions as Deferred Cash Contributions made under Section 3.01(a).

(c) Unless a Member makes an election under the provisions of this paragraph (c), Deferred Cash Contributions and Catch-Up Contributions made by a Member under paragraphs (a) and (b) above shall be deemed to be Tax-Deferred Contributions. Effective as of June 1, 2006, in lieu of making Deferred Cash Contributions and Catch-Up Contributions on a pre-tax basis pursuant to the provisions of paragraphs (a) and (b) above, a Member may elect, in accordance with procedures prescribed by the Primary Administrator, to have some or all of the Deferred Cash Contributions and/or Catch-Up Contributions that otherwise would be contributed to the Plan on a pre-tax basis designated as Roth Contributions or Roth Catch-Up Contributions, as applicable, and included in his gross income at the time of deferral. Such election, once made, may only be revoked with respect to Deferred Cash Contributions to be contributed after the effective date of the revocation election.

(d) In no event shall the Member’s Deferred Cash Contributions and similar contributions made on his behalf by the Employer to all plans, contracts or arrangements subject to the provisions of Section 401(a)(30) of the Code in any calendar year exceed the applicable dollar limitation contained in Section 402(g) of the Code in effect for such calendar year,

except as permitted under Section 414(v) of the Code. If a Member's Deferred Cash Contributions in a calendar year reach that dollar limitation, his election of Deferred Cash Contributions for the remainder of the calendar year will be cancelled. As of the first pay period of the calendar year following such cancellation, the Member's election of Deferred Cash Contributions shall again become effective in accordance with his previous election, unless the Member elects otherwise in accordance with Section 3.04.

(e) In the event that the sum of the Deferred Cash Contributions and similar contributions to any other qualified defined contribution plan maintained by the Employer exceeds the dollar limitation on elective deferrals under Section 402(g) of the Code for any calendar year as in effect for such calendar year, the Member shall be deemed to have elected a return of Tax-Deferred Contributions in excess of such limit ("excess deferrals") from this Plan. A Member who has made both Tax-Deferred Contributions and Roth Contributions for the applicable calendar year may designate, under procedures prescribed to the Primary Administrator, whether such excess deferrals shall be attributed first to his Tax-Deferred Contributions or his Roth Contributions. In the event a Member fails to make such an election, the excess deferrals shall be attributed first to his Tax-Deferred Contribution. In the event a Member has made both Tax- Deferred Contributions and Roth Contributions for the applicable calendar year, the excess deferrals shall be first attributed to the Member's Tax-Deferred Contributions. The excess deferrals, together with Earnings, shall be returned to the Member no later than the April 15 following the end of the calendar year in which the excess deferrals were made. In the event any Tax-Deferred or Roth Contributions returned under this paragraph (e) were matched by Special Contributions under Section 3.02, those Special Contributions, together with Earnings, shall be forfeited and used to reduce Employer contributions.

(f) If a Member makes tax-deferred contributions under (i) another qualified defined contribution plan maintained by an employer other than the Employer and/or (ii) any Code Section 403(b) plan for any calendar year and those contributions when added to his Deferred Cash Contribution exceed the dollar limitation on elective deferrals under Section 402(g) of the Code for that calendar year, the Member may allocate all or a portion of such excess deferrals to this Plan. A Member who has made both Tax-Deferred Contributions and Roth Contributions for the applicable calendar year may designate, under procedures prescribed to the Primary Administrator, whether such excess deferrals shall be attributed

first to his Tax-Deferred Contributions or his Roth Contributions. In the event a Member fails to make such an election, the excess deferrals shall be attributed first to his Tax-Deferred Contribution. In the event a Member has made both Tax-Deferred Contributions and Roth Contributions for the applicable calendar year, the excess deferrals shall be first attributed to the Member's Tax-Deferred Contributions. In that event, the excess deferrals, with Earnings thereon, shall be returned to the Member no later than the April 15 following the end of the calendar year in which the excess deferrals were made. However, the Plan shall not be required to return excess deferrals unless the Member notifies the Primary Administrator, in writing, by March 1 of that following calendar year of the amount of the excess deferrals allocated to this Plan. In the event any Deferred Cash Contribution returned under this paragraph (d) were matched by Special Contributions, those Special Contributions, together with Earnings, shall be forfeited and used to reduce Employer Contributions.

3.02 Employer Special Contributions

(a) An Employer may make Special Contributions to the Plan each Plan Year on behalf of each Employee who (i) is a Member or eligible to become a Member pursuant to the provisions of Section 2.01, (ii) was actively employed by such Employer during such Plan Year, and (iii) fulfilled such period of eligibility service to receive such contribution as the Employer shall determine (provided that such period shall not in any case exceed one year), in an amount to be determined by the General Assembly or such other governing body which has such authority. These contributions shall be promptly paid to the Trustee by the Employer. Each Employer's Special Contributions under this paragraph (a), if any, for each Plan Year shall be allocated among the eligible Employees of that Employer on a per capita basis or based on the ratio of its eligible Employee's Compensation during the Plan Year to the total Compensation during that Plan Year for all the eligible Employees of that Employer, as the General Assembly or such other governing body shall so determine. Notwithstanding the foregoing, the General Assembly or such other governing body which has such authority may provide that, effective on or after January 1, 2007, the amount of Special Contributions made by each Employer pursuant to this paragraph (a) may be determined separately for separate groups of such Employer's eligible Employees (as defined pursuant to the provisions of the preceding sentence); provided, however, that (i) each separate group shall consist of a 'reasonable class' of the Employer's eligible Employees as determined by the Primary Administrator and (ii) each Employer shall not create more than three separate groups of eligible Employees during any Plan Year for

purposes of making Special Contributions under this paragraph (a) for such Plan Year. Each separate group of an Employer's eligible Employees shall be determined solely on the basis of years of service completed by such eligible Employees while employed by that Employer. Years of service completed by an eligible Employee shall be determined as of a specific date or as of an applicable Plan Year in a manner uniformly consistent for all eligible Employees of the Employer. Notwithstanding the foregoing, a separate group of an Employer's eligible Employees shall not be deemed a 'reasonable class' of the Employer's eligible Employees if such separate group consists of less than 20 percent of all eligible Employees of the Employer, unless such separate group consists of all eligible Employees of the Employer employed as of a specific date occurring on or after the later of January 1, 2007 or the date that separate group is first established for that Employer by the General Assembly or such other governing body. Each Employer's Special Contributions under this paragraph (a), if any, for each Plan Year shall be allocated among the group of eligible Employees of that Employer on a uniform basis, either per capita or according to the ratio of such eligible Employee's Compensation during the Plan Year to the total Compensation during the Plan Year for such group of eligible Employees of that Employer, as the General Assembly or such other governing body shall so determine, and the allocation rates applicable to the separate groups of each Employer shall be based on a 'smoothly increasing schedule' or a 'smoothly decreasing schedule.' A 'smoothly increasing schedule' is a schedule under which the allocation rate for each separate group of the Employer's eligible Employees does not exceed the allocation rate for the immediately preceding group (that is, the group with the next lower number of years of service) by more than 100 percent for the same Plan Year. A 'smoothly decreasing schedule' is a schedule under which the allocation rate for each separate group of the Employer's eligible Employees for the same Plan Year is not less than one half of the allocation rate for the immediately preceding group (that is, the group with the next lower number of years of service). These contributions shall be promptly paid to the Trustee by the Employer Notwithstanding the foregoing, with the permission of the Employer and under rules uniformly applicable to all employees similarly situated, an Employee may elect to have the Special Contributions allocated on his behalf under this paragraph (a) not contributed to this Plan, but rather contributed on his behalf to another eligible retirement plan (as defined in Sections 402(c)(8)(B)(iii)-(vi) of the Code) sponsored by the Employer.

(b) Except as provided in Appendix B, the Employer may make Special Contributions to the

Plan on behalf of each Member who (i) has Deferred Cash Contributions made on his behalf during the Plan Year pursuant to an election under Section 3.01(a), and (ii) has fulfilled such period of eligibility service to receive such contribution as the Employer shall determine (provided that such period shall not in any case exceed one year) in an amount to be determined by the General Assembly or such other governing body which has such authority. These contributions shall be promptly paid to the Trustee by the Employer. The Special Contributions under this paragraph (b), if any, for each Plan Year shall be allocated to the Employer's eligible Members who have Deferred Cash Contributions made on their behalf during the Plan Year, on a uniform basis, in proportion to their Deferred Cash Contributions made during the Plan Year for which the Special Contribution is being made. Each Special Contribution under this paragraph (b) shall consist of contributions by each Employer in proportion to the aggregate Deferred Cash Contributions made pursuant to Section 3.01(a), if any, of the eligible Members in its service. Special Contributions under this paragraph (b) are made expressly conditioned on the Plan satisfying the provisions of Section 3.01(b). If any portion of the Deferred Cash Contributions to which the Special Contribution relates is returned to the Member under Section 3.01, the corresponding Special Contributions shall be forfeited. Notwithstanding the foregoing, the General Assembly or such other governing body which has such authority may provide that, effective on or after January 1, 2007, the amount of Special Contributions made by each Employer pursuant to this paragraph (b) may be determined separately for separate groups of such Employer's eligible Members (as defined pursuant to the preceding provisions of this paragraph (b)); provided, however, that (i) each separate group shall consist of a 'reasonable class' of each Employer's eligible Members as determined by the Primary Administrator, and (ii) each Employer shall not create more than three separate groups of eligible Members during any Plan Year for purposes of making Special Contributions under this paragraph (b) for such Plan Year. Each separate group of an Employer's eligible Members shall be determined solely on the basis of years of service completed by such eligible Members while employed by that Employer. Years of service completed by an eligible Member shall be determined as of a specific date or as of an applicable Plan Year in a manner uniformly consistent for all eligible Members of the Employer. Notwithstanding the foregoing, a separate group of the Employer's eligible Members shall not be deemed a 'reasonable class' of the Employer's eligible Members if such separate group consists of less than 20 percent of all eligible Members of the Employer, unless such separate group consists of all eligible Members of the Employer employed as of a specific

date occurring on or after the later of January 1, 2007 or the date that separate group is first established for that Employer by the General Assembly or such other governing body. Each Employer's Special Contributions under this paragraph (b), if any, for each Plan Year shall be allocated to the Employer's group of eligible Members who have Deferred Cash Contributions made on their behalf during the Plan Year on a uniform basis, as the General Assembly or such other governing body shall so determine, in proportion to their Deferred Cash Contributions made during the Plan Year for which the Special Contribution is being made, and the allocation rates applicable to the separate groups of each Employer shall be based on either a 'smoothly increasing schedule' or 'smoothly decreasing schedule' as defined below. Each Special Contribution under this paragraph (b) shall consist of contributions by each Employer in proportion to the aggregate Deferred Cash Contributions made pursuant to Section 3.01(a), if any, of the group of eligible Members in its service. A 'smoothly increasing schedule' is a schedule under which the allocation rate for each separate group of the Employer's eligible Members does not exceed the allocation rate for the immediately preceding group (that is, the group with the next lower number of years of service) by more than 100 percent for the same Plan Year. A 'smoothly decreasing schedule' is a schedule under which the allocation rate for each separate group of the Employer's eligible Members for the same Plan Year is not less than one half of the allocation rate for the immediately preceding group (that is, the group with the next lower number of years of service). These contributions shall be promptly paid to the Trustee by the Employer. In the event those Special Contributions subject to forfeitures have been distributed to the Member, the Employer shall make reasonable efforts to recover the contributions from the Member.

(c) With respect to Employees who are law enforcement officers and are Members or eligible to become Members of Part "B" or Part "C", the Employer shall contribute to the Plan on behalf of each such Member or eligible Member an amount equal to such percentage, as determined by the General Assembly, of Compensation received while a law enforcement officer during such Plan Year. These contributions shall be made at least monthly and shall be promptly paid to the Trustee by the Employer. In addition, any contributions, plus earnings thereon, made by an Employer under this paragraph on account of a mistake of fact and remaining in the Plan after application of the provisions of Section 3.07 shall be allocated as of a date determined by the Primary Administrator on behalf of each Employee who is a law enforcement officer and is a Member or eligible Member on such date on a

per capita basis, in equal shares.

(d) With respect to Employees who are law enforcement officers (not including Sheriffs) and are Members or eligible to become Members of Part "B" or Part "C", there shall be contributed to such Plan on behalf of each such Member or eligible Member on a per capita basis, in equal shares, an amount equal to a division, as determined by the General Assembly, of receipts collected under North Carolina General Statute 7A-304 on account of the assessed cost of court while a Member during such Plan Year. In addition, any contributions, plus earnings thereon, made by an Employer under this paragraph on account of a mistake of fact and remaining in the Plan after application of the provisions of Section 3.07 shall be allocated as of a date determined by the Primary Administrator on behalf of each Employee who is a law enforcement officer (not including Sheriffs) and is a Member or eligible Member on such date on a per capita basis, in equal shares.

(e) Notwithstanding the foregoing, effective January 1, 2010, an Employer may make Special Contributions to the Plan for a Member who dies or becomes disabled while in qualified military service pursuant to and in a manner consistent with Code section 414(u)(9) subject to the calculation rules set forth in this Section 3.02.

3.03 Transfer Contributions

(a) The Primary Administrator under such conditions as the Board may require but without regard to any limitations on contributions set forth in Section 3.06 shall direct the Trustee to accept an amount transferred from the Special Annuity Savings Fund of the Law Enforcement Officers' Retirement System pursuant to N.C.G.S. § 143-166.30 and 143-166.70, or any other amount as determined by the Board. Such Transfer Contributions shall be paid to the Trustee as soon as practicable and shall be held in the Member's Transfer Account under this Plan and invested in the short-term investment fund or such other fund as the Primary Administrator determines until such time as a Member makes another investment election as set forth in Section 4.02.

(b) The Plan may permit, under such conditions as the Primary Administrator may require, an amount to be transferred on behalf of a Member who is not employed by an Employer on the date of the transfer from the Plan to another plan which is qualified under Section 401(a) of the Code.

3.04 Change in Contributions

Subject to the provisions of Section 3.01, a Member may change the amount of his authorized payroll reduction by giving such advance Notice as the Primary Administrator shall require. The changed amount shall become effective as soon as administratively practicable following receipt of such Notice.

3.05 Suspension of Contributions

(a) A Member may revoke his election under Section 3.01 by giving such advance Notice the Primary Administrator shall require. The revocation shall become effective as soon as administratively practicable following receipt of such Notice.

(b) A Member who has revoked his election under Section 3.01 may apply to the Primary Administrator to have his Compensation reduction resumed in accordance with Section 3.01 as soon as administratively practicable following the date the Notice is received by the Primary Administrator.

3.06 Maximum Annual Additions

(a) The annual addition to a Member's Accounts for any Plan Year, which shall be considered the "limitation year" for purposes of Section 415 of the Code, when added to the Member's annual addition for that Plan Year under any other qualified defined contribution plan of the Employer, shall not exceed an amount which is equal to the lesser of (i) percentage limitation (as set forth in Section 415(c)(1)(B) of the Code) of his Statutory Compensation for that Plan Year or (ii) the dollar limitation in effect under Section 415(c)(1)(A) of the Code for that Plan Year, as adjusted for increases in the cost of living under Section 415(d) of the Code.

(b) For purposes of this Section, the "annual addition" to a Member's Accounts under this Plan or any other qualified defined contribution plan maintained by the Employer shall be the sum of:

(i) the total contributions, including Deferred Cash Contributions, made on the Member's behalf by the Employer,

(ii) all Member contributions, exclusive of any Transfer Contributions or Rollover Contributions, and

(iii) forfeitures, if applicable, and

(iv) solely for purposes of clause (i) of paragraph (a) above, amounts described in Sections 415(1)(1) and 419A(d)(2) allocated to the Member that have been allocated to the Member's Accounts under this Plan or his accounts under any other such qualified defined contribution plan maintained by an Employer. For purposes of this paragraph (b), any Special Contributions distributed or forfeited under the provisions of Section 3.01, shall be included in the annual addition for the year allocated.

Annual additions shall not include Rollover Contributions, loan repayments made under Article 8, excess deferrals timely distributed from the Plan under Section 3.01(e) or (f), and Catch-Up Contributions.

(c) For purposes of this Section, the term "Statutory Compensation" with respect to any Member shall mean the wages, salaries, and other amounts paid in respect of such Member by the Employer for personal services actually rendered, determined after any reduction of Compensation pursuant to Section 414(h)(2) of the Code, and including (but limited to) overtime, shift differentials, longevity payments, and amounts contributed by the Employer pursuant to a salary reduction agreement which are not includible in the gross income of the employee under Section 125, 132(f), 402(g)(3), 414(v), or 457(b) of the Code, but excluding deferred compensation and other distributions which receive special tax benefits under the Code. Effective for Plan Years beginning on or after July 1, 2007, Statutory Compensation (i) shall include amounts required to be recognized under the provisions of U.S. Treasury Department regulation 1.415(c)-2(e) and (ii) shall not exceed the limitation on compensation under Section 401(a)(17) of the Code. Effective January 1, 2009, Statutory Compensation shall include differential wage payments within the meaning of Section 3401(h) of the Code.

(d) If the annual addition to a Member's Accounts for any Plan Year beginning prior to July 1, 2007, prior to the application of the limitation set forth in paragraph (a) above, exceeds that limitation due to a reasonable error in estimating a Member's annual compensation or in determining the amount of Deferred Cash Contributions that may be made with respect to a Member under Section 415 of the Code, or as a result of the allocation of forfeitures, the amount of contributions credited to the Member's Accounts in that Plan Year shall be

adjusted to the extent necessary to satisfy that limitation in accordance with the following order of priority:

(i) The Member's unmatched Tax-Deferred Contributions under Section 3.01(a) shall be reduced to the extent necessary, with the reduced amount and any earnings thereon returned to the Member.

(ii) The Member's unmatched Roth Contributions under Section 3.01(c) shall be reduced to the extent necessary, with the reduced amount and any earnings thereon returned to the Member

(iii) The Member's matched Tax-Deferred Contributions and corresponding Special Contributions under Section 3.02(b) shall be reduced to the extent necessary. The amount of the reduction attributable to the Member's matched Tax-Deferred Contributions shall be returned to the Member together with any earnings on those contributions to be returned, and the amount attributable to the Special Contributions shall be forfeited and used to reduce subsequent contributions payable by the Employer.

(iv) The Member's matched Roth Contributions and corresponding Special Contributions shall be reduced to the extent necessary. The amount of the reduction attributable to the Member's matched Roth Contributions shall be returned to the Member together with any earnings on those contributions to be returned, and the amount attributable to the Special Contributions shall be forfeited and used to reduce subsequent contributions payable by the Employer

(v) The Special Contributions, if any, allocated to the Member under Section 3.02(a) or (c) shall be reduced and the amount of the reduction shall be reallocated to the other Members based on the ratio of each other Member's Compensation during the Plan Year to the total Compensation during that Plan Year for all other Members.

Notwithstanding the foregoing, effective for Plan Years beginning on and after July 1, 2007, to the extent that the annual additions to a Member's Accounts exceed the limitation set forth in paragraph (a), corrections shall be made in a manner consistent with the provisions of the Employee Plans Compliance Resolution System as set forth in Revenue Procedure 2013-12 or any subsequent guidance.

(e) Any Deferred Cash Contributions returned to a Member under this paragraph shall be

disregarded in applying the dollar limitation on Deferred Cash Contributions under Section 3.01(d).

3.07 Return of Contributions

(a) The Employer may recover without interest the amount of its contributions to the Plan made on account of a mistake of fact, reduced by any investment loss attributable to those contributions, if recovery is made within one year after the date of those contributions.

(b) In the event that Deferred Cash Contributions made under Section 3.01 are returned to the Employer in accordance with the provisions of this Section 3.07, the elections to reduce Compensation which were made by Members on whose behalf those contributions were made shall be void retroactively to the beginning of the period for which those contributions were made. The Deferred Cash Contributions so returned shall be distributed in cash to those Members for whom those contributions were made.

3.08 Member Rollover Contributions

With the permission of the Primary Administrator and without regard to any limitations on contributions set forth in this Article 3, the Plan may receive from a Member a Rollover Contribution, in cash, consisting of any amount previously received (or deemed to be received) by him from an eligible retirement plan. Such Rollover Contribution shall be subject to the following:

(a) For purposes of this Section, “eligible retirement plan” means, effective after December 31, 2001:

(i) a qualified plan described in Section 401(a) of the Code;

(ii) an annuity plan described in Section 403(a) of the Code;

(iii) an individual retirement account or individual retirement annuity of the Employee described in Section 408(a) or 408(b) of the Code which contains only amounts that were originally distributed from a qualified plan described in Section 401(a) or 403(a) of the Code (i.e., a "conduit IRA");

(iv) an annuity contract described in Section 403(b) of the Code; and

(v) 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.

For purposes of this Section, the term "eligible retirement plan" shall also include, effective on and after October 1, 2011, the following:

(i) a simplified employee pension described in Section 408(k) of the Code; and

(ii) a simple retirement account described in Section 408(p) of the Code;

provided the amounts received from such simplified employee pension plan or simple retirement account satisfy the provisions of Section 408(d) of the Code regarding rollover contributions.

(b) Such Rollover Contribution may be received in either of the following ways:

(i) The Plan may accept such amount as a direct rollover of an eligible rollover distribution from an eligible retirement plan, including after-tax amounts provided such after-tax amounts are received directly from a plan that is qualified under Section 401(a) of the Code (or effective as of January 1, 2007, an annuity contract defined in Section 403(b) of the Code).

(ii) The Plan may accept such amount directly from the Member provided such amount:

(A) was distributed to the Member by an eligible retirement plan;

(B) is received by the Plan on or before the 60th day after the day it was received by the Member; and

(C) would otherwise be includible in gross income, and

(D) is not attributable to Roth contributions.

Notwithstanding clause (B) above, the Primary Administrator may accept a Rollover Contribution more than 60 days after the amount was received by the Member provided the Member has received from the Secretary of the Treasury a waiver of the 60-day requirement, pursuant to Section 402(c)(3)(B) of the Code.

(c) Notwithstanding paragraphs (a) and (b) above, effective on and after such date as shall be prescribed by the Primary Administrator, the Plan may accept on behalf of an Employee before-tax amounts that are either:

(i) contributed by the Member on or before the 60th day after the day such amounts were received by the Member from an individual retirement account or individual retirement annuity of the Member described in Section 408(a) or 408(b), respectively, of the Code, or

(ii) are directly rolled over from such individual retirement account or individual retirement annuity of the Member.

Notwithstanding the foregoing, the Plan shall not accept any amount unless such amount is eligible to be rolled over to a qualified trust in accordance with applicable law and the Member provides evidence satisfactory to the Primary Administrator that such amount qualifies for rollover treatment.

Neither an alternate payee nor a Beneficiary is permitted to make a Rollover Contribution to the Plan.

3.09 Contributions During Period of Military Leave

(a) Notwithstanding any provision of this Plan to the contrary, contributions and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Code. Without regard to any limitations on contributions set forth in this Article 3, a Member who has a period of service in the uniformed services of the United States beginning on or after August 1, 1990 and who returns to service with the Employer having applied to return while his reemployment rights were protected by law may elect to contribute to the Plan the Deferred Cash Contributions, including Catch-Up Contributions that could have been contributed to the Plan in accordance with the provisions of the Plan had he remained continuously employed by the Employer throughout such period of absence ("make-up contributions"). Effective June 1, 2006, a Member who elects to make Deferred Cash Contributions and/or Catch- Up Contributions under this paragraph and who would have been able to make Roth Contributions during the period of applicable period of military leave had he been an active member in the Plan during such period, may further elect, pursuant to the provisions of Section 3.01, whether Deferred Cash Contributions shall be designated as Tax-Deferred Contributions or Roth Contributions and whether Catch-Up Contributions shall be designated as Tax-Deferred Catch-Up Contributions or Roth Catch-Up Contributions. For purposes of determining the amount of make- up contributions a Member may make, his Compensation for the period of the absence shall be deemed to be the rate of the Member's Compensation (up to the Annual Dollar Limit) he would have received had he remained employed as an Employee for that period or, if such rate is not reasonably certain, on the basis of the Member's rate of annual Compensation during the 12 month period immediately prior to such period of absence (or if shorter, the period of

employment immediately preceding such period). Any Deferred Cash Contributions, including Catch-Up Contributions so determined shall be limited as provided in Section 3.01 with respect to the Plan Year or Years to which such contributions relate rather than the Plan Year in which payment is made. Any payment to the Plan described in this paragraph shall be made during the applicable repayment period. The repayment period shall equal three times the period of military leave, but not longer than five years and shall begin on the latest of: (i) the Member's date of reemployment, (ii) October 13, 1996, or (iii) the date the Employer notifies the Employee of his rights under this Section 3.09. The earnings (or losses) on make-up contributions shall be credited commencing with the date the make-up contribution is made in accordance with the provisions of Article 4.

(b) With respect to a Member who makes the election described in paragraph (a) above, the Employer shall make Special Contributions on the make-up contributions in the amount described in the provisions of Section 3.02(b) as in effect for the Plan Year to which such make-up contributions relate. Employer Special Contributions under the preceding sentence shall be made during the period described in paragraph (a) above. In addition, with respect to a Member who is eligible to make the election described in paragraph (a), an Employer shall make any applicable Special Contributions that would have been contributed to the Plan in accordance with the provisions of Section 3.02(a), Section 3.02(c), or Section 3.02(d) had he remained continuously employed by the Employer throughout the period of absence during which he was in the uniformed services of the United States. The earnings (or losses) on Special Contributions shall be credited commencing with the date the contributions are made in accordance with the provisions of Article 4. Any limitations on Special Contributions shall be applied with respect to the Plan Year or Years to which such contributions relate rather than the Plan Year or Years in which payment is made.

(c) All contributions under this Section 3.09 (other than Catch-Up Contributions) are considered "annual additions," as defined in Section 415(c)(2) of the Code, and shall be limited in accordance with the provisions of Section 3.06 with respect to the Plan Year or Years to which such contributions relate rather than the Plan Year in which payment is made.

(d) Notwithstanding the foregoing, effective January 1, 2007, the Plan shall comply with

Section 401(a)(37) of the Code and any applicable guidance thereunder.

3.10 Annual Automatic Increase Program

In accordance with procedures established by the Primary Administrator, and if elected by an Employer participating in the Plan, a Member may elect to automatically increase his rate of Tax-Deferred Contributions or Roth Contributions (limited to only Tax-Deferred Contributions if the Member fails to specify in his election which deferral type is to be increased) annually by one percent (1%) to eight percent (8%) in one percent (1%) increments of Compensation until the rate of the automatically increased deferral type (Tax-Deferred Contributions or Roth Contributions) made to the Plan on his behalf equals eight percent (8%) of his Compensation, effective as soon as administratively practicable on or after the first day of the month of each Plan Year elected by the Member (if the Member fails to elect an annual increase month, then the annual increase will begin as soon as administratively practicable on or after August 1 of each Plan Year).

Notwithstanding the foregoing, in no case shall any automatic increase election become effective before August 1, 2016.

Furthermore, notwithstanding the foregoing, effective August 3, 2021 through November 23, 2020, a Member may elect to automatically increase the Member's rate of Roth Contributions in increments of less than one percent (1%) of Compensation. Following November 23, 2020, if a Member's rate of Roth Contributions is not a whole percentage, such Member's rate of Roth Contributions shall be decreased to the next lowest whole percentage within 45 days of notice from the Primary Administrator to the Member.

3.11 Recontributions of Coronavirus-related Distributions

If a Member withdraws a "coronavirus-related distribution" (as defined in Section 2202(a)(4)(A) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, a "CRD") from the Plan or another eligible plan described in Section 2202(a)(3) of the CARES Act, the Member may contribute to the Plan, as one or more rollovers, a total amount not in excess of the amount of such CRD, within three years of withdrawing such CRD. The contribution of a CRD to the Plan is subject to Section 2202(a)(3) of the CARES Act and the procedures and restrictions of the Primary Administrator.

ARTICLE 4. INVESTMENT OF CONTRIBUTIONS

4.01 Investment Funds

(a) Contributions to the Plan shall be invested in one or more Investment Funds, as authorized by the Primary Administrator, which from time to time may include such equity funds, international equity funds, fixed income funds, money market funds, and other funds as the Primary Administrator elects to offer.

(b) The Trustees may keep such amounts of cash as they, in their sole discretion, shall deem necessary or advisable as part of the Funds, all within the limitations specified in the trust agreement.

(c) Dividends, interest, and other distributions received on the assets held by the Trustee in respect to each of the above Funds shall be reinvested in the respective Fund.

4.02 Investment of Members' Accounts

A Member shall make one investment election covering the contributions to his Deferred Account, Roth Account, Employer Account, Rollover Account and Transfer Account, in accordance with one of the following options:

(a) 100% in one of the available Investment Funds;

(b) in more than one Investment Fund allocated in multiples of 1%, subject to any minimum percentage requirements established by the Primary Administrator, in a single Fund, or such other percentage as the Primary Administrator may permit.

Effective as of October 1, 2003 (or such later date prescribed by the Primary Administrator), a Member may make a separate individual investment election with respect to each of the following types of contributions made to his Accounts:

(i) Deferred Cash Contributions,

(ii) Special Contributions,

(iii) Rollover Contributions, and/or

(iv) Transfer Contributions.

In the event a Member fails to make a separate investment election with respect to a particular type of contribution, such contribution type shall be invested in accordance with the investment election

in effect with respect to the Member's Deferred Cash Contributions.

Unless a Participant provides, in accordance with administrative procedures established by the Primary Administrator, an initial investment election for the amounts to be re-characterized under an In-Plan Roth Conversion under Sections 7.05 or 9.10, the In-Plan Roth Conversion amount will remain invested among the same Plan investments in which said amounts were invested prior to the In-Plan Roth Conversion. On and after the date an In-Plan Roth Conversion is completed, any transfers/reallocations made pursuant to Section 4.05 shall apply to the Participant's entire Roth Account, including any amount held in the Participant's In-Plan Roth Conversion Subaccount.

4.03 Responsibility for Investments

Each Member is solely responsible for the selection of his investment options. The Trustee, the Board, the Primary Administrator, the Employer, and the officers, supervisors and other employees of the Employer are not empowered to advise a Member as to the manner in which his Accounts shall be invested. The fact that an Investment Fund is available to Members for investment under the Plan shall not be construed as a recommendation for investment in that Investment Fund. If a Member fails to make any investment election covering his Accounts, his Accounts shall be invested in the Short-Term Investment Fund, or such other Fund as the Primary Administrator determines, under uniform and nondiscriminatory rules, until such time as the Member makes such election.

4.04 Change of Election

A Member may change his investment elections under Section 4.02 by giving such advance Notice as the Primary Administrator shall prescribe. The changed investment election shall become effective as soon as administratively practicable following receipt of such Notice and shall be effective only with respect to subsequent contributions.

4.05 Transfers/Reallocation Between Funds

A Member may elect under uniform rules (effective on and after February 1, 2004, including, but not limited to, rules with respect to market timing) prescribed by the Primary Administrator regarding the reallocation/transfer of all or any portion of a Member's Accounts among the Investment Funds, in multiples of 1%, by giving such advance Notice as the Primary Administrator shall prescribe. Subject to uniform rules (effective on and after February 1, 2004, including, but not limited to, rules with respect to market timing) prescribed by the Primary Administrator regarding

the reallocation/transfer of all or any portion of a Member's Accounts among the Investment Funds, the transfer or reallocation shall be effective as soon as practicable next following receipt of such Notice.

4.06 Limitations Imposed by Contract, Prospectus or Other Document of Similar Import

Notwithstanding anything in this Article to the contrary, any contributions invested in a guaranteed investment contract or in an Investment Fund covered by a prospectus or other document of similar import or effect shall be subject to any and all terms of such contract, prospectus or other document of similar import or effect, including any limitations therein placed on the exercise of any rights otherwise granted to a Member under any other provisions of this Plan with respect to such amounts.

ARTICLE 5. VALUATION OF THE ACCOUNTS

5.01 Valuation of the Investment Funds

The Trustees shall value the Investment Funds at least monthly. On each Valuation Date, there shall be allocated to the Accounts of each Member his proportionate share of the increase or decrease in the fair market value of his Accounts in each of the Funds. Whenever an event requires a determination of the value of the Member's Accounts, the value shall be computed as of the Valuation Date coincident with or immediately following the date of determination, subject to the provisions of Section 5.02.

5.02 Discretionary Power of the Primary Administrator

The Primary Administrator reserves the right to change from time to time the procedures used in valuing the Accounts or crediting (or debiting) the Accounts if it determines, after due deliberation and upon the advice of counsel and/or the current recordkeeper, that such an action is justified in that it results in a more accurate reflection of the fair market value of assets. In the event of a conflict between the provisions of this Article and such new administrative procedures, those new administrative procedures shall prevail.

5.03 Statement of Accounts

At least once a year, each Member shall be furnished with a statement setting forth the value of his Accounts by type of Investment Fund and a schedule of transactions during the statement period.

5.04 Valuation Dates

The Primary Administrator shall establish procedures for determining the Valuation Dates which shall apply for withdrawals, distributions, or other relevant purposes. Valuation Dates need not be the same for all purposes.

ARTICLE 6. VESTED PORTION OF ACCOUNTS

6.01 Vesting

A Member shall at all times be 100% vested in, and have a nonforfeitable right to, his Deferred Account, his Roth Account, his Employer Account, his Rollover Account and his Transfer Account insofar as such is not contrary to law or applicable Code requirements.

ARTICLE 7. WITHDRAWALS WHILE STILL EMPLOYED

7.01 Withdrawal After Age 59½

A Member who shall have attained age 59½ as of the effective date of any withdrawal pursuant to this Section may, subject to Section 7.03, elect to withdraw, in the following order, all or part of his Employer Account, his Transfer Account, his Rollover Account and his Deferred Account: Effective as of June 1, 2006, a Member who has withdrawn all of his Employer Account, Transfer Account and Rollover Account may, subject to Section 7.03, make a separate election under this Section 7.01 to withdraw next either all or part of his Roth Account, or all or part of Deferred Account , or any combination thereof.

7.02 Hardship Withdrawal

(a) A Member may, subject to the provisions of Section 7.03, elect to withdraw in the following order all or part of (i) his Rollover Account, (ii) his Transfer Account, (iii) his Employer Account, (iv) effective as of April 1 2008, his Roth Contributions, and then his Tax-Deferred Contributions (including any earnings credited to his Deferred Account prior to January 1, 1989), provided that he furnishes proof of "Hardship" satisfactory to the Primary Administrator in accordance with the provisions of paragraphs and (c) below. Notwithstanding the foregoing, amounts held in a Member's Employer Account cannot be withdrawn on or after June 1, 2008 under the provisions of this Section 7.02.

(b) A Member shall be considered to have incurred a "hardship" if, and only if, he meets the requirements of paragraphs (c) and (d) below or of Section 7.06 or 7.07.

(c) As a condition for Hardship there must exist with respect to the Member an immediate and heavy need to draw upon his Accounts. The Primary Administrator shall presume the existence of such immediate and heavy need if the requested withdrawal is on account of any of the following:

(i) expenses for (or necessary to obtain) medical care that would be deductible under Section 213(d) of the Code, determined without regard to the limitations in Section 213(a) of the Code (relating to the applicable percentage of adjusted gross income and the recipients of the medical care), provided that, if the recipient of the medical care is not listed in Section 213(a) of the Code, the recipient is a primary Beneficiary under the Plan;

(ii) costs directly related to the purchase of a principal residence for the Member (excluding mortgage payments);

(iii) payment of tuition, related educational fees, and expenses for room and board for the next 12 months of post-secondary education of the Member, his spouse or dependents (as defined in Section 152 of the Code without regard to Section 152(b)(1),(b)(2), and d(1)(B) of the Code), or for a primary Beneficiary under the Plan;

(iv) payment of amounts necessary to prevent eviction of the Member from his principal residence or to avoid foreclosure on the mortgage of his principal residence; or

(v) payments for burial or funeral expenses for the Member's deceased parent, spouse, children or dependents (as defined in Section 152 of the Code and without regard to Section 152(d)(1)(B) of the Code), or for a deceased primary Beneficiary under the Plan;

(vi) expenses for the repair of damages to the Member's principal residence that would qualify for the casualty deduction under Section 165 of the Code (determined without regard to Section 165(h) of the Code and whether the loss exceeds 10 percent of the Member's adjusted gross income);

(vii) expenses and losses (including loss of income) incurred by a Member on account of a disaster declared by the Federal Emergency Management Agency (FEMA) under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 100–707, provided that the Member's principal residence or principal place of employment at the time of the disaster was located in an area designated by FEMA for individual assistance with respect to the disaster; or

(viii) the inability of the Member to meet such other expenses, debts or other obligations recognized by the Internal Revenue Service as giving rise to immediate and heavy financial need for purposes of Section 401(k) of the Code.

For the purposes of this Section 7.02(c), "primary Beneficiary under the Plan" is an individual who is named as a Beneficiary under the Plan and has an unconditional right, upon the death of the Member, to all or a portion of the Member's account balance under the Plan.

The amount of the withdrawal may not be in excess of the amount of the immediate and

heavy financial need of the employee including any amounts necessary to pay any federal, state, or local income taxes and any amounts necessary to pay any penalties reasonably anticipated to result from the distribution.

In evaluating the relevant facts and circumstances, the Primary Administrator shall act in a nondiscriminatory fashion and shall treat uniformly those Members who are similarly situated. The Member shall furnish to the Primary Administrator such supporting documents as the Primary Administrator may request in accordance with uniform and nondiscriminatory rules prescribed by the Primary Administrator.

(d) As a condition for a Hardship withdrawal, the Member must demonstrate that the requested withdrawal is necessary to satisfy the financial need described in paragraph (c). To demonstrate such necessity, the Member who requests a hardship withdrawal to satisfy a financial need described in (c) above must comply with either (i) or (ii) as follows:

(i) The Member must certify to the Primary Administrator, on such form as the Primary Administrator may prescribe, that the financial need cannot be fully relieved (A) through reimbursement or compensation by insurance or otherwise, (B) by reasonable liquidation of the Member's assets, (C) by cessation of Deferred Cash Contributions, or (D) by other distributions from the Plan or other plans of the Employer or by borrowing from commercial sources at a reasonable rate in an amount sufficient to satisfy the need. The actions listed are required to be taken to the extent necessary to relieve the hardship but any action which would have the effect of increasing the hardship need not be taken. For purposes of this clause (i) there shall be attributed to the Member those assets of the Member's spouse and minor children which are reasonably available to the Member. The Member shall furnish to the Primary Administrator such supporting documents as the Primary Administrator may request in accordance with uniform and nondiscriminatory rules prescribed by the Primary Administrator. If, on the basis of the Member's certification and the supporting documents, the Primary Administrator finds it can reasonably rely on the Member's certification, then the Primary Administrator shall find that the requested withdrawal is necessary to meet the Member's financial need.

(ii) The Member must request, on such form as the Primary Administrator may prescribe, that the Primary Administrator makes its determination of the necessity

for the withdrawal solely on the basis of his application. In that event, the Primary Administrator shall make such determination, provided the Member has obtained all distributions, other than distributions available only on account of Hardship, under all other plans of the Employer. For purposes of this subparagraph (ii), "all other plans of the Employer" shall include qualified and non-qualified deferred compensation plans and such other plans as may be designated under regulations issued under Section 401(k) of the Code, but shall not include health and welfare benefit plans or the mandatory employee contribution portion of a defined benefit plan.

7.03 Procedures and Restrictions

To make a withdrawal, a Member shall give at least 30 days', or such shorter period as the Primary Administrator determines, prior Notice to the Primary Administrator. A withdrawal shall be made as of the Valuation Date next following the expiration of the Notice period. The minimum withdrawal shall be $500, or the total value of his Accounts available for withdrawal, if less. If a loan and a hardship withdrawal are processed as of the same Valuation Date, the amount available for the hardship withdrawal will equal the vested portion of the Member's Accounts on such valuation date reduced by the amount of the loan. The amount of the withdrawal shall be allocated between and among the Investment Funds in proportion to the value of the Member's Accounts from which the withdrawal is made in each Investment Fund as of the date of the withdrawal. All payments to Members under this Article shall be made in cash as soon as practicable.

7.04 Transfers directly to the Teachers' and State Employees' Retirement System of North Carolina, the Consolidated Judicial Retirement System of North Carolina, the Legislative Retirement System of North Carolina, the North Carolina Local Government Employees' Retirement System and the Charlotte Firefighters Retirement System.

A Member may voluntary elect to transfer all or a portion of his Accounts (excluding his Roth Account) to the Teachers' and State Employees' Retirement System of North Carolina, the Consolidated Judicial Retirement System of North Carolina, the Legislative Retirement System of North Carolina, the North Carolina Local Government Employees' Retirement System or the Charlotte Firefighters Retirement System in order to purchase prior service credits or permissive service credits under such applicable Retirement System. Any amount transferred pursuant to the provisions of this Section 7.04, shall be subject to the provisions of the applicable Retirement System and held in the annuity savings fund or other member's contribution fund of the trust

thereunder. The trustee of this Plan shall transfer such amounts to the trustee of the applicable Retirement System. A Member's election to have such transfer made on his behalf shall be made in accordance with the procedures established by the Primary Administrator. The amount of the transfer shall be allocated between and among the Investment Funds under this Plan as of the date of the transfer. All transfers under this Section shall be made in cash, as soon as practicable following receipt of such advance Notice as the Primary Administrator shall prescribe.

7.05 In-Plan Roth Conversions

Effective as of December 1, 2010, a Participant who is entitled to a distribution under the terms of Section 7.01 may elect instead to re-characterize the amount of a distribution (except amounts attributable to Roth contributions or Roth rollover contributions) which he is requesting as an In-Plan Roth Conversion. For the avoidance of doubt, the funds held in a Participant's Roth Account are not eligible for an In-Plan Roth Conversion under the provisions of this Section 7.05. Such re-characterized amounts shall be held in an In-Plan Roth Conversion Subaccount that has been, or that will be, established to hold such funds. For purposes of this Section 7.05, the restrictions of Section 7.03 shall not apply.

7.06 Hurricane Sandy Relief

(a) To the extent that a hardship withdrawal described in Section 7.02(a) is elected by a Sandy Member, as defined in Section 7.06(b), the hardship withdrawal provisions of the Plan set forth in Sections 7.02(b), 7.02(c), and 7.02(d) are modified to adopt the liberalized hardship withdrawal standards and procedural requirements set forth in Internal Revenue Service Announcement 2012-44 ("Announcement 2012-44"). For purposes of clarity, a hardship withdrawal elected by a Sandy Member shall otherwise continue to be subject to the requirements of Section 7.02(a). Any such hardship withdrawal will be treated as a hardship withdrawal for all purposes under the Code except as otherwise provided herein or by law.

(b) A "Sandy Member" is a Member whose:

(i) Principal residence on October 26, 2012 was located in one of the counties or Tribal Nations that have been identified as covered disaster areas because of the devastation caused by Hurricane Sandy;

(ii) Place of employment was located in one of these counties or Tribal Nations; or

(iii) Lineal ascendant or descendant, dependent or spouse had a principal residence or

place of employment in one of these counties or Tribal Nations on October 26, 2012.

(c) The Board will make a good-faith effort to comply with the Plan's procedural requirements for hardship withdrawals made by Sandy Members and will make a reasonable attempt to assemble any missing documentation as soon as practicable, and otherwise act consistent with Announcement 2012-44.

(d) This Section 7.06 applies to Hardship distributions made to Sandy Members on or after October 26, 2012 and no later than February 1, 2013.

7.07 IRS Relief Events

(a) This Section 7.07 is intended to implement the relief granted to Relief Members pursuant to the IRS Announcements for the Relief Events as described in Section 7.07(f).

(b) To the extent that a hardship withdrawal described in Section 7.02 is elected by a Relief Member, as defined below, because of a hardship resulting from the applicable Relief Event (a "Relief Withdrawal"), the hardship withdrawal provisions of the Plan set forth in Section 7.02 are modified to adopt the liberalized hardship withdrawal standards and procedural requirements set forth in the applicable IRS Announcement. For purposes of clarity, a Relief Member electing a Relief Withdrawal shall not be required to take a loan prior to taking a Relief Withdrawal and shall not be restricted in making contributions based on a Relief Withdrawal. Also, for purposes of clarity, a Relief Withdrawal shall otherwise continue to be subject to the requirements of Sections 7.02. A Relief Withdrawal will be treated as a hardship withdrawal for all purposes under the Code except as otherwise provided herein or by law.

(c) A "Relief Member" is a Member whose:

(i) Principal residence on the Applicable Date was located in one of the counties that have been identified for individual assistance by the Federal Emergency Management Agency ("FEMA") because of the devastation caused by the applicable Relief Event ("Covered Areas");

(ii) Place of employment was located in one of the Covered Areas on the Applicable

Date; or

(iii) Lineal ascendant or descendant, dependent or spouse had a principal residence or place of employment in one of the Covered Areas on the Applicable Date.

(d) The Primary Administrator will (i) make a good faith effort to comply with the Plan's procedural requirements for hardship withdrawals made by Relief Members; (ii) make a reasonable attempt to assemble any missing documentation as soon as practicable; and (iii) otherwise act consistent with the applicable IRS Announcement.

(e) This Section 7.07 applies to hardship distributions made to Relief Members on or after the Applicable Date and no later than the Ending Date.

(f) Relief Events and Definitions.

(i) Hurricane Matthew
Relief Event: Hurricane Matthew
IRS Announcement: Internal Revenue Service Announcement 2016-39 Applicable Date: October 4, 2016 (or October 3, 2016 for Florida or the incident date as specified by FEMA, as applicable)
Ending Date: March 15, 2017

(ii) Hurricane Harvey
Relief Event: Hurricane Harvey
IRS Announcement: Internal Revenue Service Announcement 2017-11
Applicable Date: August 23, 2017 (or the incident date as specified by FEMA)
Ending Date: January 31, 2018

(iii) Hurricane Irma
Relief Event: Hurricane Irma
IRS Announcement: Internal Revenue Service Announcement 2017-13
Applicable Date: September 4, 2017 (or the incident date as specified by FEMA)
Ending Date: January 31, 2018

(iv) Hurricane Florence

Relief Event: Hurricane Florence

IRS Announcement: Internal Revenue Service Announcements 2018-236 and 2017-15 and *Federal Register*, Vol. 83, No. 220, Wednesday, November 14, 2018, 56766

Applicable Date: September 7, 2018 for North Carolina, September 8, 2018 for South Carolina, and September 13, 2018 for Virginia (or other applicable incident date as specified by FEMA)

Ending Date: March 15, 2019

(v) Hurricane Michael

Relief Event: Hurricane Michael

IRS Announcement: Internal Revenue Service Announcements 2018-236 and 2017-15 and *Federal Register*, Vol. 83, No. 220, Wednesday, November 14, 2018, 56766

Applicable Date: October 7, 2018 for Florida, October 9, 2018 for Georgia, and October 10, 2018 for Alabama (or other applicable incident date as specified by FEMA)

Ending Date: March 15, 2019

7.08 Withdrawal from Rollover Account

Notwithstanding Section 7.01, a Member may elect to withdraw part or all of the Member's Rollover Account, subject to the procedures and restrictions of Section 7.03, even if the Member is employed by an Employer.

7.09 Coronavirus-related Distributions

Notwithstanding Section 7.01, a Member may elect to withdraw one or more CRDs (as defined in Section 3.11) from April 23, 2020 through December 31, 2020, subject to the procedures and restrictions of Section 7.03. The total amount of CRDs taken by a Member from the Plan and the North Carolina Public Employee Deferred Compensation Plan shall not exceed a combined maximum of $100,000.

ARTICLE 8. LOANS TO MEMBERS

8.01 Amount Available

(a) Subject to the following provisions of this Article 8, a Member who is an Employee of an Employer may borrow, on Notice to the Primary Administrator and on approval by the Primary Administrator under such uniform rules as it shall adopt, up to 90% (100% effective with respect to loans made on or after October 1, 2003, or such later date prescribed by the Primary Administrator) of his Accounts. Notwithstanding the foregoing, such Member may borrow no more than an amount which equals the lesser of (i) or (ii) where (i) is $50,000, and (ii) is the greater of $10,000 or one-half of the value of his Accounts (with respect to a loan made on or after June 1, 2006 and prior to April 1, 2008, excluding his Roth Account). The minimum loan shall be $1,000. All loans previously made shall be subject to the rules in effect under the Plan at the time the loan was made; however, any loans made, renewed, renegotiated, modified or extended on or after January 1, 1987 shall be subject to the provisions of this Article 8 as in effect at that time.

(b) Loans from the Plan shall be repaid with interest. The interest rate or rates to be charged on loans made during the Plan Year shall be reasonable as determined by the Primary Administrator and shall take into account interest rates currently in effect. The Primary Administrator shall not discriminate among Members in the matter of interest rates, but loans may bear different interest rates if granted or outstanding at different times, if the difference is justified by a change in general economic conditions or the terms of the particular loan.

(c) The amount of the loan is to be transferred to a special "Loan Fund" for the Member under the Plan. The Loan Fund consists solely of the amount of the Member's Accounts transferred to the Loan Fund and is invested solely in the loan made to the Member. The amount of the Member's Accounts transferred to the Loan Fund shall be pledged as security for the loan. No such amount shall be available for withdrawal under Article 7. Payments of principal on the loan will reduce the amount held in the Member's Loan Fund. Those payments, together with the attendant interest payment, will be credited to the Member's Accounts and invested in the Investment Funds in accordance with the Member's then effective investment election.

8.02 Terms

(a) In addition to such rules and regulations as the Primary Administrator may adopt, all loans shall comply with the following terms and conditions:

(i) An application for a loan by a Member shall be made with prior Notice to the Primary Administrator, whose action in approving or disapproving the application shall be final. Effective on and after January 1, 2004, the Member shall certify in such application as to the existence and amount of any outstanding loans (including any loans deemed distributed) from any qualified plan maintained by the Employer).

(ii) Each loan shall be evidenced by a promissory note payable to the Plan;

(iii) The period of repayment for any loan shall be arrived at by mutual agreement between the Primary Administrator and the Member, subject to any rules and restrictions established by the Primary Administrator pursuant to paragraph (c) below.

(iv) If a Member with an outstanding loan takes an authorized leave of absence without pay or reduced pay that is less than the required loan payments, for reasons other than to enter the uniformed services of the United States, loan payments may be suspended at the request of the Member, for a period of up to 12 months or until the end of the term of the loan, if earlier. Upon a Member's reemployment from the leave of absence, the Member shall resume payments either in the same amount as before the leave with the full balance due upon the expiration of the repayment period or by re-amortizing the loan in substantially level installments over the remaining term of the loan.

(v) If a Member takes a leave of absence to enter the uniformed services of the United States, loan repayments shall be suspended during the period of leave. Upon the Member's reemployment from the uniformed services, the period of repayment shall be extended by the number of months of the period of service in the uniformed services or, if greater, the number of months that would remain if the original loan term were five years plus the number of months in the period of absence; provided, however, if the Member incurs a termination of employment and requests a distribution pursuant to Article 9, the loan shall be canceled, and the

outstanding loan balance shall be distributed pursuant to Article 9. If a Member enters the uniformed services of the United States the interest rate applicable to the unpaid loan balance during the period of leave shall be reduced to 6%, in accordance with the Soldiers' and Sailors' Civil Relief Act of 1940. Upon a Member's reemployment from the leave of absence, the Member shall resume payments either in the same amount as before the leave with the full balance due upon the expiration of the repayment period or by re-amortizing the loan in substantially level installments over the remaining term of the loan.

(vi) Payments of principal and interest will be made by payroll deductions or in a manner agreed to by the Member and the Primary Administrator in substantially level amounts, but no less frequently than quarterly, in an amount sufficient to amortize the loan over the repayment period;

(vii) A loan may be prepaid in full as of any date without penalty;

(viii) Only one loan may be outstanding at any given time.

(ix) Effective January 1, 2004, if at the time a loan is to be issued to a Member a prior loan has been deemed distributed to the Member and not repaid, a new loan may only be issued to a Member if the Member enters into an agreement, enforceable under law that requires repayment by payroll withholding.

(b) If a loan is not repaid in accordance with the terms contained in the promissory note and a default occurs, the Plan may execute upon its security interest in the Member's Accounts under the Plan to satisfy the debt; however, the Plan shall not levy against any portion of the Loan Fund attributable to amounts held in the Member's Accounts until such time as a distribution of the Member' Accounts could otherwise be made under the Plan.

(c) Any additional rules or restrictions as may be necessary to implement and administer the loan program shall be in writing and communicated to employees. Such further documentation is hereby incorporated into the Plan by reference, and the Primary Administrator is hereby authorized to make such revisions to these rules as it deems necessary or appropriate, on the advice of counsel.

8.03 CARES Act Provisions

(a) Notwithstanding any other provision of this Article 8, this section applies to the extent permitted by the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136).

(b) A "CRD-eligible Member" is a Member who qualifies for a "coronavirus-related distribution" pursuant to Section 2202(a)(4)(A)(ii) of the CARES Act.

(c) From March 27, 2020 through September 22, 2020, the maximum loan amount for a CRD-eligible Member is the lesser of $100,000 or 100% of the Member's account balance.

(d) From March 27, 2020 through September 22, 2020, a CRD-eligible Member is permitted to take a second loan from the Plan.

(e) If a CRD-eligible Member has an outstanding loan repayment due in the period from March 27, 2020 through December 31, 2020, the participant can defer this repayment through the end of 2020 and restart repayment in January 2021. The term of the loan shall be extended as follows:

(i) For deferral requests through July 5, 2020, the term shall be extended to account for the number of pay periods in 2020 for which payments were deferred; and

(ii) For deferral requests from July 6, 2020 through December 31, 2020, the term shall be extended for 12 months from the end of the current term.

However, interest continues to accrue during the deferral period. Following the deferral period, the Primary Administrator shall re-amortize the loan such that the loan shall be repaid with interest in full in substantially equal payments over the remaining term of the loan.

ARTICLE 9. DISTRIBUTION OF ACCOUNTS UPON TERMINATION OF EMPLOYMENT

9.01 Eligibility

Upon a Member's termination of employment or death the entire amount to the credit of his Accounts shall be distributed as provided in this Article.

9.02 Forms of Distribution

(a) Unless the Member (or a Beneficiary in the event of the Member's death prior to the date benefit payments commence) elects otherwise, distribution of the Member's Accounts shall be made in a cash lump sum. A Member (or a Beneficiary in the event of the Member's death prior to the date benefit payments commence) may elect to receive an optional form of payment described below:

(i) Payments in approximately equal monthly installments over a period designated by the Member not to exceed the Member's (or the Beneficiary's) life expectancy.

(ii) Payments in approximately equal quarterly installments over a period designated by the Member not to exceed the Member's (or the Beneficiary's) life expectancy.

(iii) Payments in approximately equal semi-annual installments over a period designated by the Member not to exceed the Member's (or the Beneficiary's) life expectancy.

(iv) Payments in approximately equal annual installments over a period designated by the Member not to exceed the Member's (or the Beneficiary's) life expectancy.

(v) Payments in approximately equal monthly, quarterly, semi-annual, or annual installments over the applicable distribution period determined in accordance with the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the Treasury regulations under Section 401(a)(9) of the Code.

A Member (or a Beneficiary) who elects installment payments may, at any time after such payments commence, elect to receive the remaining value of any unpaid installments in a lump sum by filing a request with the Primary Administrator on such form or forms as it may prescribe. In the event a Member or Beneficiary dies before all installments have been paid, any surviving Beneficiary who is an individual (including a trust that qualifies as a "designated beneficiary" under Treasury Regulation § 1.401(a)(9)) shall continue to receive such installments, unless such Beneficiary elects otherwise. Notwithstanding the

foregoing, if the Member or Beneficiary dies before all installments have been paid and his Beneficiary is other than an individual , the remaining balance in his Accounts shall be paid in an immediate cash lump sum to such Beneficiary. Notwithstanding the foregoing, a Member who has elected to receive installment payments over his life expectancy under clauses (i), (ii), (iii), or (iv) above and who has attained age 70½ prior to January 1, 2002, may elect to revise his form of distribution and have his future payments made pursuant to the provision of clause (v) above.

(b) Notwithstanding the preceding, if a Member dies before his benefits commence, any Beneficiary that is not an individual (including a trust that qualifies as a "designated beneficiary" under Treasury Regulation § 1.401(a)(9)) shall be paid the value of the Member's Accounts in a lump sum.

(c) In the event a Member is required to begin receiving payments in accordance with Section 9.03(d) and the Member has not elected a form of payment described in paragraph (a) above, the Employer shall distribute to the Member in each distribution calendar year the minimum amount necessary to satisfy the minimum distribution requirements provisions of Section 401(a)(9) of the Code; provided, however, that the payment for the first distribution calendar year shall be made on or before April 1 of the following calendar year.

Notwithstanding the foregoing, with respect to distribution calendar years commencing on and after January 1, 2003, such minimum amount shall be lesser of:

a. the quotient obtained by dividing the Member's Accounts by the distribution period in the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the Treasury regulations, using the Member's age as of the Member's birthday in the distribution calendar year; or

b. if the Member's sole designated beneficiary for the distribution calendar year is the Member's spouse, the quotient obtained by dividing the Member's Accounts by the number in the Joint and Last Survivor Table set forth in Section 1.401(a)(9)-9 of the Treasury regulations, using the Member's and spouse's attained ages as of the Member's and the spouse's birthdays in the distribution calendar year.

For purposes of this paragraph (c), the following definitions apply:

(i) "Designated beneficiary" means the individual who is designated as the

Beneficiary and is the designated beneficiary under Section 401(a)(9) of the Code and Section 1.401(a)(9)-4 of the Treasury regulations.

(ii) "Distribution calendar year" means a calendar year for which a minimum distribution is required. The first distribution calendar year is the calendar year in which the Member who has terminated employment attains age 72.

(iii) "Life expectancy" means life expectancy as computed by use of the Single Life Table in Section 1.401(a)(9)-9 of the Treasury regulations.

(iv) "Member's Accounts" means the balance of the Member's Accounts as of the last Valuation Date in the calendar year immediately preceding the distribution calendar year ("valuation calendar year") increased by the amount of contributions made and allocated or forfeitures allocated to the Member's Accounts as of dates in the valuation calendar year after such last Valuation Date and decreased by distributions made in the valuation calendar year after such last Valuation Date. The Member's Accounts for the valuation calendar year includes any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.

(d) Effective January 1, 2009, notwithstanding any provision of this Article 9 to the contrary, a Member or Beneficiary who would have been required to receive payments in accordance with Section 9.03(d) below for 2009 but for the enactment of Code section 401(a)(9)(H) ("2009 RMDs"), and who would have satisfied that requirement by receiving distributions that are equal to the 2009 RMDs will: (1) for Members or Beneficiaries who received payments in accordance with Section 9.03(d) prior to 2009, receive 2009 RMDs unless the Member or Beneficiary affirmatively elects not to receive such distributions; and (2) for Members or Beneficiaries who had not received payments in accordance with Section 9.03(d) prior to 2009, not receive 2009 RMDs unless the Member or Beneficiary affirmatively elects to receive such distributions. In addition, notwithstanding any provision of this Article 9 to the contrary, and solely for purposes of applying Section 9.08, 2009 RMDs will not be eligible for direct rollover from the Plan.

(e) Notwithstanding any other provision of this Article 9, a Member or Beneficiary who would have been required to receive required minimum distributions in 2020 (or paid in 2021 for the 2020 calendar year for a participant with a required beginning date of April 1, 2021) but for the enactment of Code section 401(a)(9)(I) ("2020 RMD"), and who would have

satisfied that requirement by receiving distributions that are either (1) equal to the 2020 RMDs, or (2) one or more payments (that include the 2020 RMD) in a series of substantially equal periodic payments made at least annually and expected to last for the life (or life expectancy) of the participant, the joint lives (or joint life expectancies) of the participant and the participant's designated beneficiary, or for a period of at least 10 years ("Extended 2020 RMDs"), will not receive a 2020 RMD unless the Member or Beneficiary chooses to receive the distribution, and a Member or Beneficiary will be given an opportunity to make an election as to whether or not to receive a 2020 RMD.

In addition, notwithstanding Section 9.08 of the Plan, and solely for purposes of applying the direct rollover provisions of the Plan, 2020 RMDs and Extended 2020 RMDs will be treated as eligible rollover distributions.

This Section 9.02(e) is effective as of April 10, 2020.

9.03 Commencement of Payments

(a) Except as otherwise provided in this Article, distribution of a Member's Accounts shall commence as soon as administratively practicable following the later of (i) the Member's termination of employment or (ii) the 65th anniversary of the Member's date of birth (but not more than 60 days after the close of the Plan Year in which the later of (i) or (ii) occurs).

(b) In lieu of a distribution as described in paragraph (a) above, a Member may elect to have the distribution of his Accounts commence as of any Valuation Date coincident with or following his termination of employment, provided that such date is not later than the date described in paragraph (d) below.

(c) Notwithstanding the above provisions of Article 9, if a Member dies in active service or terminates employment and dies before distribution of his Accounts has commenced, distribution of the Member's Accounts to his designated Beneficiary shall not commence later than one year after the Member's death; provided, however, if the designated Beneficiary is the Member's surviving spouse, distribution shall commence not later than the date on which the Member would have attained age 72.

(d) In no event, however, shall the provisions of this Section operate so as to allow the

distribution of a Member's Account to begin later than the April 1 following the calendar year in which he attains age 72 or retires, if later.

(e) Unless otherwise permitted by the Primary Administrator, a Member's distribution request shall be paid no sooner than 60 days following termination of employment, unless the Member (1) has retired; (2) is eligible for a distribution under Article 7; or (3) is required by the Code, Treasury Regulations, or the provisions of the Plan to take a distribution.

9.04 Mandatory Distribution of De Minimis Accounts

(a) Notwithstanding any provision of the Plan to the contrary, if a Member has a termination of employment and the value of the Member's Accounts amounts to $1,000 or less, the Primary Administrator may distribute the Member's entire account in a lump sum payment following notification to the Plan's recordkeeper of the Member's termination of employment; provided that the Member is not reemployed by an Employer as of the date of distribution and the value of the Member's Accounts remains less than $1,000 as of the date of the distribution.

(b) Notwithstanding the above, in the event that the Member's account is deemed to be Bailey Vested, the Member's account will not be subject to a mandatory distribution under Section 9.04(a). For the purposes of this section 9.04(b), "Bailey Vested" shall mean a Member who had contributed or contracted to contribute to the Plan prior to August 12, 1989.

9.05 Status of Accounts Pending Distribution

Until completely distributed under Section 9.03, the Accounts of a Member who is entitled to a distribution at a future date shall continue to be invested as part of the funds of the Plan and the Member (or his Beneficiary in the event of the death of the Member) shall retain investment transfer rights as described in Section 4.05 during this period. Until the commencement of payments under Section 9.03, a Member shall be permitted to make a partial withdrawal from his Account pursuant to the provisions of Section 7.03.

9.06 Proof of Death and Right of Beneficiary or Other Person

The Primary Administrator may require and rely upon such proof of death and such evidence of the right of any Beneficiary or other person to receive the value of the Accounts of a deceased Member as the Primary Administrator may deem proper and its determination of the right of that

Beneficiary or other person to receive payment shall be conclusive.

9.07 Distribution Limitation

Notwithstanding any other provision of this Article 9, all distributions from the Plan shall conform to the requirements of Section 401(a)(9) of the Code, including the incidental death benefit provisions of Section 401(a)(9)(G) of the Code. Such requirements shall be administered in accordance with the regulations issued under Section 401(a)(9) of the Code, as follows:

(a) With respect to distributions made for distribution calendar years beginning on or after January 1, 2001, the Plan will apply the minimum distribution requirements of Section 401(a)(9) of the Code in accordance with the regulations under Section 401(a)(9) that were proposed on January 17, 2001; and

(b) With respect to distributions made for distribution calendar years beginning on and after January 1, 2003, the Plan will apply the minimum distribution requirements of Section 401(a)(9) of the Code in accordance with the regulations under Section 401(a)(9) that were issued April 17, 2002, as prescribed in Section 9.02.

The provisions of Section 401(a)(9) of the Code and the regulations thereunder shall override any Plan provision that is inconsistent with Section 401(a)(9) of the Code.

9.08 Direct Rollover of Certain Distributions

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 Primary Administrator, to have any portion of an eligible rollover distribution paid directly by the Plan to an eligible retirement plan specified by the distributee in a direct rollover. The following definitions apply to the terms used in this Section:

(a) "Eligible rollover distribution" means 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, after-tax amounts unless such amount is rolled over to an individual retirement account or individual retirement annuity described in Section 408(a) or 408(b) of the Code, respectively, or to a defined contribution plan qualified under Section 401(a) of the Code that agrees to separately account for such amount; effective on and after January 1, 2002, any in-service withdrawal made on account of hardship and effective as of June 1, 2006, any distribution from the Roth Account unless such amount is rolled over or transferred (i.e., directly rolled over) to a Roth IRA (as defined in Section 408A(b) of the Code), or transferred to a defined contribution plan qualified under Section 401(a) of the Code that agrees to separately account for such amount, or, solely with respect to the amount that would otherwise be included in gross income, is rolled over to a defined contribution plan qualified under Section 401(a) of the Code that agrees to separately account for such amount.

(b) "Eligible retirement plan" means any of the following types of plans that accept the distributee's eligible rollover distribution:

(i) an individual retirement account or individual retirement annuity described in Section 408(a) or 408(b) of the Code, respectively;

(ii) a qualified trust described in Section 401(a) of the Code;

(iii) effective January 1, 2002, an annuity contract described in Section 403(b) of the Code;

(iv) effective January 1, 2002, 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 and which agrees to separately account for amounts transferred into such plan from this Plan, and

(v) a Roth IRA (as defined in Section 408A(b) of the Code) solely with respect to Roth Contributions.

(c) "Distributee" means 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; and

(d) "Direct rollover" means a payment by the Plan to the eligible retirement plan specified by

the distributee.

Notwithstanding any provision of this Section to the contrary, effective as of January 1, 2007, the non-spouse Beneficiary of a deceased Member may elect, at the time and in the manner prescribed by the Primary Administrator, to directly rollover any portion of his distribution from the Plan to an individual retirement account or annuity described in Section 408(a) or 408(b) of the Code ("IRA") that is established on behalf of the designated Beneficiary and that will be treated as an inherited IRA pursuant to the provisions of Section 402(c)(11) of the Code.

In the event that the provisions of this Section 9.08 or any part thereof cease to be required by law as a result of subsequent legislation or otherwise, this Section 9.08 or any applicable part thereof shall be ineffective without the necessity of further amendment to the Plan.

9.09 Waiver of Notice Period

Except as provided in the following sentence, an election by the Member to receive a distribution prior to age 65 shall not be valid unless the election is made (a) after the Member has received the notice required under Section 1.411(a)-11(c) of the Income Tax Regulations and (b) within a reasonable time before the effective date of the commencement of the distribution as prescribed by said regulations. If such distribution is one to which Section 401(a)(11) and 417 of the Code do not apply, such distribution may commence less than 30 days after the notice required under Section 1.411(a)-11(c) of the Income Tax Regulations is given, provided that:

(a) the Board clearly informs the Member that he has a right to a period of at least 30 days after receiving the notice to consider the decision of whether or not to elect a distribution (and, if applicable, a particular distribution option); and

(b) the Member, after receiving the notice, affirmatively elects a distribution.

9.10 In-Plan Roth Conversions

Effective as of December 1, 2010, a Participant who is entitled to a distribution under the term of this Article 9 may elect instead to recharacterize the amount of a distribution (except amounts attributable to Roth contributions or Roth rollover contributions) which he is requesting as an In-Plan Roth Conversion. For the avoidance of doubt, the funds held in a Participant's Roth Account are not eligible for an In-Plan Roth Conversion under the provisions of this Section 9.10. Such recharacterized amounts shall be held in an In-Plan Roth Conversion Subaccount that has been,

or that will be, established to hold such funds. For the period from December 1, 2010 through October 1, 2011 only, this Section 9.10 shall apply as well to a spouse Beneficiary of a Participant.

ARTICLE 10. ADMINISTRATION OF PLAN

10.01 Appointment of Primary Administrator

The general administration of the Plan and the responsibility for carrying out the provisions of the Plan shall be placed with the Retirement Systems Division of the Department of State Treasurer.

10.02 Duties of Primary Administrator

The Primary Administrator in carrying out the provisions of the Plan and in conjunction with the Board, may retain a Third-Party Administrator to carry out the provisions of the Plan; and may delegate to the Third-Party Administrator certain duties under the Plan.

10.03 Individual Accounts

The Third-Party Administrator shall maintain, or cause to be maintained, records showing the individual balances in each Member's Accounts. However, maintenance of those records and Accounts shall not require any segregation of the funds of the Plan.

10.04 Meetings

The Primary Administrator shall hold meetings upon such notice, at such place or places, and at such time or times as it may from time to time determine.

10.05 Establishment of Rules

Subject to the limitations of the Plan, the Primary Administrator from time to time shall establish rules for the administration of the Plan and the transaction of its business. The Primary Administrator, in conjunction with the Board, shall have the total and complete discretionary authority to construe and interpret the Plan, to make factual determinations and to determine all questions arising in the administration, interpretation, and application of the Plan (including, but not limited to, the power to make a determination of an individual's eligibility for Plan participation, the right, amount, form, and timing of any benefit payable under the Plan and the date on which any individual ceases to be a Member). The Primary Administrator's discretionary authority shall also include the power to make such adjustments which it deems necessary or desirable to correct any mathematical or accounting errors, and to make a determination of whether a domestic relations order constitutes a Qualified Domestic Relations Order and whether the Alternate Payee otherwise qualifies for benefits hereunder. The Primary Administrator may correct any defect, supply any omission, or reconcile any inconsistency in such manner and to such extent as it shall deem necessary to carry out the purposes of the Plan. The determination of the Primary

Administrator as to the interpretation of the Plan or any disputed question shall be binding, conclusive, and final as to all parties to the extent permitted by applicable law.

10.06 Prudent Conduct

The Primary Administrator, the Board and the Third-Party Administrator shall use that degree of care, skill, prudence and diligence that a prudent man acting in a like capacity and familiar with such matters would use in his conduct of a similar situation.

10.07 Appointment of Investment Manager

The Primary Administrator in conjunction with the Board may, in its discretion, appoint one or more investment managers to manage (including the power to acquire and dispose of) all or part of the assets of the Plan, as the Employer shall designate. In that event authority over and responsibility for the management of the assets so designated shall be the sole responsibility of that investment manager.

ARTICLE 11. MANAGEMENT OF FUNDS

11.01 Trust Agreement

All the funds of the Plan shall be held by the Board in its separate capacity as trustee under a trust agreement in the form of the North Carolina General Statutes adopted, or as amended, by the General Assembly of North Carolina for use in providing the benefits of the Plan and paying its expenses not paid directly by the Employer. The Employer shall have no liability for the payment of benefits under the Plan or for the administration of the funds paid over to the Plan.

11.02 Exclusive Benefit Rule

Except as otherwise provided in the Plan, no part of the corpus or income of the funds of the Plan shall be used for, or diverted to, purposes other than for the exclusive benefit of Members and other persons entitled to benefits under the Plan. No person shall have any interest in or right to any part of the earnings of the funds of the Plan, or any right in, or to, any part of the assets held under the Plan, except as and to the extent expressly provided in the Plan not in conflict with the North Carolina General Statutes adopted, or as amended, by the General Assembly of North Carolina.

11.03 Investment in Group Trust

Notwithstanding any provision of the Plan to the contrary, the Plan's assets may be invested in a group trust described in Revenue Ruling 81-100 or a successor thereto, and the terms of such group trust shall be deemed incorporated into this Plan document.

ARTICLE 12. GENERAL PROVISIONS

12.01 Nonalienation

(a) Except as required by any applicable law, no benefit under the Plan shall in any manner be anticipated, assigned or alienated, and any attempt to do so shall be void. However, payment shall be made in accordance with the provisions of any judgment, decree, or order which:

(i) creates for, or assigns to, a spouse, former spouse, or child of a Member the right to receive all or a portion of the Member's benefits under the Plan for the purpose of providing child support or marital property rights to that spouse, former spouse, or child,

(ii) is made pursuant to a state domestic relations law,

(iii) does not require the Plan to provide any type of benefit, or any option, not otherwise provided under the Plan, and

(iv) otherwise meets the requirements of Section 414(p)(1)(A)(i) of the Internal Revenue Code, as a "qualified domestic relations order", as determined by the Primary Administrator.

(b) Notwithstanding anything herein to the contrary, if the amount payable to the spouse, former spouse, or child under the qualified domestic relations order is $5,000 or less, such amount shall be paid in one lump sum as soon as practicable following the determination that said order is a qualified domestic relations order. If the amount exceeds $5,000, it may be made as soon as practicable following the qualification of the order if the domestic relations order so provides; otherwise it may not be payable before the earliest of (i) the Member's termination of employment, (ii) the time such amount could be withdrawn under Article 7, or (iii) the Member's attainment of age 50.

12.02 Conditions of Employment Not Affected by Plan

The establishment of the Plan shall not confer any legal rights upon any Employee or other person for a continuation of employment, nor shall it interfere with the rights of the Employer to discharge any Employee and to treat him without regard to the effect which that treatment might have upon him as a Member or potential Member of the Plan.

12.03 Facility of Payment

If the Primary Administrator shall find that a Member or other person entitled to a benefit is unable to care for his affairs because of illness or accident or is a minor, the Primary Administrator may direct that any benefit due him, unless claim shall have been made for the benefit by a duly appointed legal representative, be paid to his spouse, a child, a parent or other blood relative, or to a person with whom he resides. Any payment so made shall be a complete discharge of the liabilities of the Plan for that benefit.

12.04 Information

Each Member, Beneficiary or other person entitled to a benefit, before any benefit shall be payable to him or on his account under the Plan, shall file with the Primary Administrator the information that it shall require to establish his rights and benefits under the Plan.

12.05 Construction

(a) The Plan shall be construed, regulated and administered under the laws of the State of North Carolina and the Code.

(b) The masculine pronoun shall mean the feminine wherever appropriate.

(c) The titles and headings of the Articles and Sections in this Plan are for convenience only. In the case of ambiguity or inconsistency, the text rather than the titles or headings shall control.

12.06 Erroneous Allocation

Notwithstanding any provision of the Plan to the contrary, if a Member's Account is credited with an erroneous amount due to a mistake in fact or law, the Primary Administrator shall adjust such Account in such equitable manner as it deems appropriate to correct the erroneous allocation.

12.07 Elections

Any elections, notifications or designations made by a Member pursuant to the provisions of the Plan shall be made in a time and manner determined by the Primary Administrator under rules uniformly applicable to all employees similarly situated. The Primary Administrator reserves the right to change from time to time the time and manner for making notifications, elections or designations by Members under the Plan if it determines after due deliberation that such action is

justified in that it improves the administration of the Plan. In the event of a conflict between the provisions for making an election, notification or designation set forth in the Plan and such new administrative procedures, those new administrative procedures shall prevail.

12.08 Plan Expenses

Unless paid by the Employer, reasonable plan expenses shall be paid from the Trust in accordance with such uniform and nondiscriminatory rules as shall be prescribed by the Primary Administrator. Such rules may include a specific allocation of expenses to a particular investment fund or a particular Member's Account or to a particular Member if the Primary Administrator determines that such allocation of expense is desirable for the equitable administration of the Plan.

ARTICLE 13. AMENDMENT, MERGER AND TERMINATION

13.01 Amendment of Plan

The Board reserves the right at any time and from time to time, and retroactively if deemed necessary or appropriate, to amend in whole or in part any or all of the provisions of the Plan. However, no amendment shall make it possible for any part of the funds of the Plan to be used for, or diverted to, purposes other than for the exclusive benefit of persons entitled to benefits under the Plan. No amendment shall be made which has the effect of decreasing the balance of the Accounts of any Member or of reducing the nonforfeitable percentage of the balance of the Accounts of a Member below the nonforfeitable percentage computed under the Plan as in effect on the date on which the amendment is adopted or, if later, the date on which the amendment becomes effective.

13.02 Merger or Consolidation

The Board or its delegate may, in its sole discretion, merge this Plan with another qualified plan or transfer a portion of the Plan's assets or liabilities to another qualified plan, subject to any applicable legal requirements. The Plan may not be merged or consolidated with, and its assets or liabilities may not be transferred to, any other plan unless each person entitled to benefits under the Plan would, if the resulting plan were then terminated, receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation, or transfer if the Plan had then terminated.

13.03 Termination of Plan

(a) The General Assembly of North Carolina may terminate the Plan or completely discontinue contributions under the Plan for any reason at any time. In case of termination or partial termination of the Plan, or complete discontinuance of Employer contributions to the Plan, the rights of affected Members to their Accounts under the Plan as of the date of the termination or discontinuance shall be nonforfeitable. The total amount in each Member's Accounts shall be distributed to him or for his benefit or continued in trust for his benefit.

(b) Upon termination of the Plan, the value of the Members' Accounts shall be distributed to Members as soon as administratively practicable, provided that (i) the Employer does not establish or maintain a successor defined contribution plan and (ii) payment is made to the Member in the form of a lump sum distribution (as defined in Section 402(e)(4) of the

Code, without regard to without regard to subclauses (I) through (IV) of clause (i) thereof). For purposes of this paragraph, a "successor defined contribution plan" is a defined contribution plan (other than an employee stock ownership plan as defined in Section 4975(e)(7) of the Code ("ESOP"), a simplified employee pension as defined in Section 408(k) of the Code ("SEP"), a SIMPLE IRA plan as described in Section 408(p) of the Code, a plan or contract that satisfies the requirements of Section 403(b) of the Code, or a plan that is described in Section 457(b) or (f)) which exists at the time the Plan is terminated or within the 12 month period beginning on the date all assets are distributed that accepts salary deferrals. However, in no event shall a defined contribution plan be deemed a successor plan if fewer than 2 percent of the employees who are eligible to participate in the Plan at the time of its termination are or were eligible to participate under another defined contribution plan of the Employer or an Affiliated Employer (other than a plan excluded under the prior sentence) at any time during the period beginning 12 months before and ending 12 months after the date of the Plan's termination.

13.04 Merger of Jackson County 401(k) Retirement Plan with the Plan.

Effective October 28, 2004, the merger of the Jackson 401(k) Retirement Plan ("Jackson County Plan") into the Plan is approved contingent upon each person entitled to benefits under the Jackson County 401(k) Retirement Plan would, if the resulting plan were then terminated, receive a benefit immediately after the merger, consolidation, or transfer if the Jackson County Plan had then terminated. The merger is further contingent upon the Jackson County Plan complying with all applicable Internal Revenue Code provision relating to the merger. Upon completion of the merger, the terms of the Plan shall control except that any outstanding loans made pursuant to the Jackson County Plan that do not conform with Article 4 of the Plan shall be repaid according to the respective repayment terms of the loan(s).

13.05 Merger of Public Works Commission of the City of Fayetteville, North Carolina Defined Contribution Plan.

Effective of October 28, 2004, the merger of the Public Works Commission of the City Fayetteville, North Carolina Defined Contribution Plan ("Public Works Plan") into the Plan is approved contingent upon each person entitled to benefits under the Public Works Plan would, if the resulting plan were then terminated, receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit he or she would have been entitled to receive immediately before the merger, consolidation, or transfer if the Public Works Plan had then

terminated. The merger is further contingent upon the Public Works Plan complying with all applicable Internal Revenue Code provisions relating to the merger. Upon completion of the merger, the terms of the Plan shall control except that any outstanding loans made pursuant to the Public Works Plan that do not conform with Article 4 of this Plan shall be repaid according to the respective repayment terms of the loan(s).

13.06 Merger of the Town of Spring Lake, North Carolina Deferred Salary Profit Sharing Plan with the Plan.

Effective April 21, 2005, the merger of The Town of Spring Lake, North Carolina Deferred Salary Profit Sharing Plan ("Spring Lake Plan") into the Plan is approved contingent upon each person entitled to benefits under the Spring Lake Plan would, if the resulting plan were then terminated, receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit he or she would have been entitled to receive immediately before the merger, consolidation, or transfer if the Spring Lake Plan had then terminated. The merger is further contingent upon the Spring Lake Plan complying with all applicable Internal Revenue Code provision relating to the merger. Upon completion of the merger, the terms of the Plan shall control.

APPENDIX A

1. Subject to the provisions of Section 2.01, an Employee, not including State employed law enforcement officers, shall be eligible to become a Member of Part "A" on the first Enrollment Date on or after the date he becomes

   (i) a member of the

      (1) Teachers' and State Employees' Retirement System of North Carolina;

      (2) the Consolidated Judicial Retirement System; or

      (3) the Legislative Retirement System, or

   (ii) a participant in the Optional Retirement Program.

   The eligibility requirements for membership in the above Retirement Systems are as follows:

   (i) As provided in General Statutes of North Carolina 135-3, employees and teachers employed by local boards of education, employees and teachers employed by the State's university system and State employees, shall become members in the Teachers' and State Employees' Retirement System immediately upon their election, appointment or employment. On January 1, 1985, the members of the Law Enforcement Officers' Retirement System who were State law enforcement officers became members of the Teachers' and State Employees' Retirement System.

   (ii) As provided in General Statutes of North Carolina 135-55, all judges, district attorneys in office, or clerks of the Superior Court shall be members of the Judicial Retirement System.

   (iii) As provided in General Statutes of North Carolina 120-4.11, all members of the General Assembly who are not active members of any of the following retirement systems shall be members of the Legislative Retirement System:

      (a) The Teachers' and State Employees' Retirement System;

      (b) The North Carolina Local Governmental Employees' Retirement System; and

      (c) The Consolidated Judicial Retirement System.

   (iv) As provided in the General Statutes of North Carolina 135-5.1, participants in the Optional Retirement Program immediately prior to July 1, 1985 shall continue to be participants and all other administrators and faculty of the University of North Carolina with rank of instructor or above shall become participants upon their election at the time they enter eligible employment.

2. Subject to the provisions of Section 2.01, an Employee shall be eligible to become a Member of

Part "B" on the first Enrollment Date on or after the date he becomes

(i) a member of the Local Governmental Employees' Retirement System;

(ii) employed as a law enforcement officer by any political subdivision of the State; or

(iii) a member of a retirement or pension plan qualified under Section 401(a) of the Code which is sponsored by a political subdivision of the State of North Carolina.

The eligibility requirements for such membership are as follows:

As provided in General Statutes of North Carolina 128-24, all employees entering or reentering the service of a participating county, city or town after the date of participation in the retirement system of such county, city or town, may become members of the North Carolina Local Governmental Employees' Retirement System. On January 1, 1986 the members of the Law Enforcement Officers' Retirement System who were local law enforcement officers became members of the Local Governmental Employees' Retirement System.

3. Subject to the provisions of Section 2.01, an Employee shall be eligible to become a Member of Part "C" on the first Enrollment Date on or after the date he becomes employed by the State of North Carolina as a law enforcement officer.

APPENDIX B

Solely with respect to Employees of Henderson County, and effective September 12, 2003 through March 31, 2020, the Plan is amended in the following respects:

1. The first sentence of Section 1.08 of the Plan is amended to read as follows:

   "Compensation" means base salary and wages prior to any reduction pursuant to Sections 125, 132(f), 401(k), 403(b), 414(h)(2), and 457 of the Code, not including any bonuses, longevity pay, or terminal payments for unused sick leave derived from public funds, which are earned by a Member while an Employee of an Employer.

2. The first sentence of Section 3.02(b) of the Plan is amended to read as follows:

   The Employer may make Special Contributions to the Plan in an amount equal to 2% of Compensation on behalf of each Member who (i) has (A) Deferred Cash Contributions made to the Plan on his behalf during the Plan Year pursuant to an election under Section 3.01(a), plus (B) deferred cash contributions made to the North Carolina 457(b) Deferred Compensation Plan, plus (C) deferred cash contributions made to a Section 457(b) plan maintained by the same Employer, of at least 2% of Compensation, and (ii) has fulfilled such period of eligibility service to receive such contribution as the Employer shall determine (provided that such period shall not in any case exceed one year).