

Charlotte-Mecklenburg Schools
Deferred Compensation Plan
(Under IRS 457(b))

ARTICLE I. INTRODUCTION

The Employer hereby establishes this Deferred Compensation Plan, hereinafter referred to as the “Plan,” effective as of [January 1, 2002]. The Plan is intended to be an eligible deferred compensation plan under section 457 of the Internal Revenue Code of 1986, as amended. The primary purpose of this Plan is to attract and retain qualified personnel by permitting them to provide for benefits in the event of their retirement or death. Nothing contained in this Plan shall be deemed to constitute an employment agreement between any Participant and the Employer and nothing contained herein shall be deemed to give any Participant any right to be retained in the employ of the Employer.

ARTICLE II. DEFINITIONS

- 2.01 Account. The account maintained for each Participant reflecting the cumulative amount of each Participant’s Deferred Compensation, including any income, gains, losses, or increases or decreases in market value attributable to the investment of the Participant’s Deferred Compensation, and further reflecting any distributions to the Participant or the Beneficiary and any fees or expenses charged against the Participant’s Deferred Compensation.
- 2.02 Annuity Contract. One or more group fixed, variable or combination fixed and variable annuity contracts issued by the Insurance Carriers, and approved for sale in the state of North Carolina, which provides for periodic payments at regular intervals, whether for a period certain or during one or more lives, and which are non-transferable.
- 2.03 Beneficiary or Beneficiaries. The person or persons designated by the Participant in his Deferred Compensation Agreement who shall receive any benefits payable hereunder in the event of the Participant’s death. If more than one designated Beneficiary survives the Participant, payments shall be made equally to the surviving Beneficiaries, unless otherwise provided in the Deferred Compensation Agreement. If no Beneficiary is designated in the Deferred Compensation Agreement or if no designated Beneficiary survives the Participant, then the estate of the Participant shall be the Beneficiary. However, a Participant may designate a contingent Beneficiary (or Beneficiaries) who shall become the primary Beneficiary (or Beneficiaries) under this Plan in the event that no primary Beneficiary survives the Participant.
- 2.04 Code. The Internal Revenue Code of 1986, as amended, and regulations there under.

- 2.05 Deferred Compensation. The amount of Normal Compensation otherwise payable to the Participant that the Participant and the Employer mutually agree to defer hereunder, any amount credited to a Participant's Account by reason of a transfer under Section 8.01, or any other amount that the Employer agrees to credit to a Participant's Account and that does not exceed the Maximum Limitation.
- 2.06 Deferred Compensation Agreement. An agreement entered into between a Participant and the Employer and any amendments or modifications thereof, which agreement shall fix the amount of Deferred Compensation; specify the Participant's choice or choices of an Insurance Carrier with respect to his Deferred Compensation; designate the Participant's Beneficiary or Beneficiaries and incorporate the terms, conditions, and provisions of this Plan by reference.
- 2.07 Eligible Retirement Plan. A plan described in section 402(c) (8) (B) to which an Eligible Rollover Distribution may be transferred pursuant to section 457 (e) (16) of the Code.
- 2.08 Eligible Rollover Distribution. A qualifying distribution to a Participant, or to a spousal beneficiary of a deceased Participant, that is described in section 402(c) (4) of the Code.
- 2.09 Employee. Any individual, whether appointed, elected or under contract, providing services for the Employer for which compensation is paid.
- 2.10 Employer. The Charlotte-Mecklenburg Schools.
- 2.11 Includible Compensation. The amount of compensation payable to a Participant from the Employer that is includible in the Participant's gross income for federal income tax purposes. Such term does not include any amount excludible from gross income under this Plan or any other plan described in section 457(b) of the Code or any other amount excludible from gross income for federal income tax purposes. Includible gross income shall be determined without regard to any community property laws.
- 2.12 Insurance Carriers. The companies listed on Appendix A, as amended from time to time.
- 2.13 Maximum Limitation. The maximum amount that may be deferred under this Plan (other than rollover amounts described in Section 8.03) for the taxable year of a Participant. Such amount shall be either the Normal Limitation or Catch-Up Limitation, whichever is applicable.
- (a) Normal Limitation. The maximum amount deferred shall not exceed the lesser of the applicable dollar amount (as described in

Section 2.11 (c) below) or 100% of the Participant's Includible Compensation as adjusted by Section 2.13 (d) below.

(b) Catch-Up Limitation. For each one of the last three (3) taxable years of a Participant ending before the Participant's attainment of Normal retirement Age, the maximum amount deferred for each such year shall be the lesser of:

- (1) twice the applicable dollar amount (as described in Section 2.13(c) below; or
- (2) the sum of the Normal Limitation, plus that portion of the Normal Limitation not used in each of the prior taxable years of the Participant commencing after 1978 in which (i) the Participant was eligible to participate in this Plan or the plan of another employer, and (ii) compensation deferred under this Plan (or such other plan) was subject to the deferral limitations set forth in this section.

A Participant may utilize the Catch-Up Limitation only if the Participant has not previously utilized it with respect to a different Normal Retirement Age under this Plan or any other plan.

(c) Applicable Dollar Amount. For contributions in 2002 and in subsequent years, the applicable dollar amount shall be the amount determined in accordance with the following table:

| For taxable years beginning in calendar year: | The applicable dollar amount: |
|---|-------------------------------|
| 2002 | \$11,000 |
| 2003 | \$12,000 |
| 2004 | \$13,000 |
| 2005 | \$14,000 |
| 2006 or thereafter | \$15,000 |

In the case of taxable years beginning after December 31, 2006, the applicable dollar amount will be adjusted for cost-of-living increases in accordance with section 457(e) (15) of the Code.

(d) Age-Based Catch-Up Contributions. In addition to any other limit set forth in this section, and subject to any limitations that may be imposed under present or future federal tax laws and rules, a Participant who has attained age fifty (50) may contribute an additional amount in such year or a subsequent year, according to the following schedule:

| <u>Year of Contribution:</u> | <u>Additional Catch-Up Amount:</u> |
|------------------------------|------------------------------------|
| 2002 | \$1,000 |
| 2003 | \$2,000 |
| 2004 | \$3,000 |
| 2005 | \$4,000 |
| 2006 -2008 | \$5,000 |
| 2009 | \$5,500 |

In the case of taxable years beginning after December 31, 2006, the additional catch-up amount will be adjusted for cost-of-living increases in accordance with section 414(v)(2)(C) of the Code.

A Participant may not make an age-based catch-up contribution in any year in which the Participant may utilize the Catch-Up Limitation in paragraph (b) above.

- 2.14 Normal Compensation. The amount of compensation that would be Payable to a Participant by the Employer if no Deferred Compensation Agreement was in effect to defer compensation under this Plan.
- 2.15 Normal Retirement Age. Age 70½, unless the Participant has elected an alternative Normal Retirement Age by written instrument delivered to the Employer prior to Severance from Employment. A Participant's Normal Retirement Age determines the period during which a Participant may utilize the Catch-Up Limitation of Section 2.13(b) hereunder.

Once a Participant has to any extent utilized the Catch-Up Limitation of Section 2.13(b), his Normal retirement Age may not be changed.

A Participant's alternative Normal Retirement Age may not be earlier than the earliest date that the Participant will become eligible to retire and receive unreduced retirement benefits under the employer's basic retirement plan covering that Participant and may not be later than the calendar year in which the Participant attains age 70½. If a Participant continues employment after attaining age seventy and one-half (70½) not having previously elected an alternative Normal Retirement Age, the Participant's alternative Normal Retirement Age shall not be later than the mandatory retirement age, if any, established by the Employer or the age at which the Participant actually severs employment if the Employer has no mandatory retirement age.

If the Participant will not be eligible to receive benefits under a basic retirement plan maintained by the Employer, the Participant's Normal Retirement Age may not be earlier than attainment of age fifty-five (55) and may not be later than the calendar year in which the Participant attains age seventy and one-half (70½).

- 2.16 Participant. Any Employee who has enrolled in this Plan pursuant to the requirements of Article IV.
- 2.17 Plan Year. The 12-month period commencing each January 1 and ending on the following December 31.
- 2.18 Retirement. The first date upon which each of the following shall have occurred. Severance from Employment and attainment of age sixty-five (65).
- 2.19 Severance from Employment. Termination of the Participant's employment relationship with the Employer.
- 2.20 Service Provider. The Employer or such other entity as the Employer designates to perform administrative services under this Plan.

ARTICLE III. ADMINISTRATION

- 3.01 Plan Administrator. This Plan shall be administered by the Employer or one or more persons designated by the Employer. The Plan Administrator, if other than the Employer, shall act as the agent of the Employer in all matters concerning the administration of this Plan. The Plan Administrator shall have full power to adopt, amend, and revoke such rules and regulations consistent with and as may be necessary to implement this Plan, to enter into contracts on behalf of the Employer under this Plan, and to make discretionary decisions affecting the rights or benefits of Participants under Section 6.07 of the Plan.
- 3.02 Employee with Administrative Responsibilities. Any Employee who is charged with administrative responsibilities hereunder may participate in the Plan under the same terms and conditions as apply to other Employees. However, he shall not have the power to participate in any discretionary action taken with respect to his participation under Section 6.08 of this Plan.
- 3.03 Administrative Services. The Employer may enter into an agreement with a Service Provider to provide nondiscretionary administrative services under this Plan for the convenience of the Employer, including, but not limited to, the enrollment of Employees as Participants, the maintenance of Accounts and other records, the making of periodic reports to Participants, and the disbursement of benefits to Participants.

ARTICLE IV. PARTICIPATION IN THE PLAN

- 4.01 Participant. An Employee becomes a Participant when he has executed and entered into a Deferred Compensation Agreement with the Employer.

- 4.02 Enrollment in the Plan. An Employee may become a Participant as of the first day of employment by entering into a Deferred Compensation Agreement on or before the first day of employment with respect to compensation not yet earned. The Deferred Compensation Agreement shall defer compensation not yet earned, and each Deferred Compensation Agreement must be made before the beginning of the month in which it is to become effective or, with respect to a new employee, on or before the first day of employment.
- 4.03 Minimum Deferral Amount. At the time of entering into or amending a Deferred Compensation Agreement hereunder, a Participant must agree to defer a minimum periodic amount as specified by the Plan Administrator.
- 4.04 Change in Amount of Deferred Compensation or Beneficiary. A Participant may not amend or modify an executed Deferred Compensation Agreement to change the amount of Deferred Compensation except with respect to compensation to be earned in the subsequent calendar month and provided that notice is given prior to the beginning of the month for which such change is to be effective. A Participant may change the Beneficiary designated in his Deferred Compensation Agreement at any time by giving written notice to the Plan Administrator.
- 4.05 Revocation of Deferred Compensation Agreement. A Participant may revoke his Deferred Compensation Agreement and thereafter be restored to his Normal Compensation in the subsequent calendar month, by giving notice to the Employer prior to the beginning of the month for which such revocation is to be effective.
- 4.06 New Deferred Compensation agreement Upon Return to Service or After Revocation. A Participant who returns to active service with the Employer after a Severance from Employment, or who has revoked his Deferred Compensation Agreement under Section 4.05, may again become an active Participant by executing a new Deferred Compensation Agreement with the employer prior to the beginning of the calendar month as to which it is to be effective.
- 4.07 Leave of Absence; Other Absences. Compensation may continue to be deferred under this Plan with respect to a Participant who is on an approved leave of absence from the Employer with compensation, and all of the rules of this Article shall apply with respect to making, amending or revoking any Deferred Compensation Agreement for such a Participant. If a Participant is absent from work without compensation for a period of not more than six months, whether by reason of illness, strike, lockout, shutdown or otherwise, his Deferred Compensation Agreement will remain in effect and compensation will again be deferred there under when he returns to work.

ARTICLE V. INVESTMENT OF DEFERRED COMPENSATION

- 5.01 Annuity Contracts. For the purposes of satisfying its obligation to provide benefits under this Plan, the Employer shall invest the amount of compensation deferred by each Participant in Annuity Contracts with the Insurance Carriers as specified in the Participants' Deferred Compensation Agreement(s). Responsibility for the selection of the Insurance Carriers shall be retained by the Employer, and the Employer shall have the right to modify the selection of the Insurance Carriers from time to time. However, Participants and Beneficiaries may allocate amounts held in their Accounts or otherwise credited for their benefit under the Plan among the Insurance Carriers (and the investment alternatives available from the annuity Contracts), and the Employer shall cause such amounts to be so allocated within a reasonable time after the receipt of Participant instructions, or may instruct the Insurance Carrier(s) to accept such allocation instructions directly from Participants and Beneficiaries as representatives of the Employer.
- 5.02 Exclusive Benefit. Notwithstanding any provision of the Plan to the contrary, all amounts held under the Plan, including amounts deferred and earnings or other accumulations attributable thereto, shall be held for the exclusive benefit of Plan Participants and Beneficiaries in Annuity Contracts. Any such Annuity Contract must satisfy the requirements of section 457(g) (1) of the Code. For purposes of this section, the terms Participant and Beneficiary shall also include contingent beneficiaries and/or spouses, former spouses, or children of Participants for whose benefit amounts are being held under the Plan pursuant to the terms of a domestic relations order which has been recognized under the terms of the Plan. Any discretionary authority reserved to the Employer (or to any administrator or administrative committee) under the Plan or under any investment held under the Plan, to the extent the exercise thereof would otherwise be inconsistent with this section, shall be exercised for the exclusive benefit of Plan Participants and Beneficiaries. Any issuer of an Annuity contract held under the Plan shall have no authority to pay any amounts from such Plan investments to any creditor of the Employer, and shall have no duty to inquire into the validity of any request by the Employer or by an administrator or administrative committee for distribution of amounts for the benefit of a Participant or a Beneficiary under the Plan.
- 5.03 Benefits Based on Participant's Account Value. The benefits paid to a Participant or Beneficiary pursuant to Article VI of this Plan shall be based upon the value of the Participant's Account. In no event shall the Employer's liability to pay benefits exceed the value of the Participant's Account, and the Employer shall not be liable for losses arising from depreciation or other decline in the value of any investments acquired under this Plan.
- 5.04 Periodic Reports. Each Participant shall receive periodic reports, not less frequently than annually, showing the then-current value of his Account.

- 5.05 Employer-Directed Accounts. Notwithstanding any provision of the Plan to the contrary, the Employer shall direct the Insurance Carriers with respect to the investment of any contributions that are forwarded to the Insurance Carriers prior to the date on which the Participant or Beneficiary completes the necessary paperwork with the Insurance Carriers (or takes such other action or actions as may be necessary) to direct the investment of such amounts. Such direction shall be communicated to the Insurance Carriers by means of a separate written agreement between the Employer and the Insurance Carriers, which agreement will include a default investment option and a default beneficiary designation. This direction shall be effective only until such time as the Participant or Beneficiary exercises his right to direct the investment of such amounts and to designate a Beneficiary in accordance with the terms of the Plan.

ARTICLE VI. BENEFITS

- 6.01 Retirement Benefits on Severance from Employment. Except as otherwise provided in this Article, a Participant's Account shall become distributable upon a Participant's Severance from Employment. The distribution of a Participant's Account shall commence no later than April 1 of the calendar year following the year of the Participant's Retirement or attainment of age seventy and one-half (70½), whichever is later. Distributions shall be made in accordance with one of the payment options described in Section 6.03. Notwithstanding the other provisions of this section, Accounts established prior to January 1, 2002 will be subject to the additional distribution requirements, and rules regarding permitted distribution elections, to which such Account may have been or may be subject under Code section 457.
- 6.02 Distribution Procedures. The Employer may from time to time establish procedures for Participant distribution elections, provided that such procedures are not inconsistent with the requirements of Section 6.01.
- 6.03 Payment Options. A Participant (or a Beneficiary as provided in Section 6.06) may elect to have the value of the Participant's Account distributed in accordance with one of the following payment options provided that such option is consistent with the limitations set forth in Section 6.04:
- (a) life annuity;
 - (b) life annuity with 60, 120, or 180 monthly payments guaranteed;
 - (c) unit refund life annuity;
 - (d) joint and last survivor annuity (spouse only);
 - (e) lump sum;

- (f) term certain annuity with 36, 48, 60, 72, 84, 96, 108, 120, 132, 144, 156, 168 or 180 monthly payments guaranteed;
- (g) withdrawals for a specified number of years.
- (h) withdrawals of a specified amount; or
- (i) any other method of payment agreed upon between Participant and Employer and accepted by the Insurance Carriers.

If a Participant fails to elect a payment option, any required payments shall be made under a payment option designated by the Employer.

Notwithstanding the options above, any option that involves a life contingency (or a joint life contingency) shall only be available under an Annuity Contract offered or obtained under the terms of the Plan.

- 6.04 Limitation on Options. No payment option may be selected by the Participant (or a Beneficiary) unless it satisfies the requirements of Code section 401(a) (9) and any additional Code limitations applicable to the Plan.
- 6.05 Post-Retirement Death Benefits. Should the Participant die after he has begun to receive benefits under a payment option, the guaranteed or remaining payments, if any, under the payment option shall be payable to the Participant's Beneficiary commencing with the first payment due after the death of the Participant. Payment to the Participant's Beneficiary must comply with section 401(a) (9) of the Code, and with any additional Code limitations applicable to the Plan. If the Beneficiary does not continue to live for the remaining period of payments under the payment option, then the remaining benefits under the payment option shall be paid to the Beneficiary's beneficiary or, if none, the Beneficiary's estate. In no event shall the Employer be liable for any payments made in the name of the Participant or a Beneficiary before the Employer or its agent receives proof of the death of the Participant or Beneficiary.
- 6.06 Pre-Retirement Death Benefits. Should the Participant die before he has begun to receive benefits under Section 6.01, a death benefit equal to the value of the Participant's Account shall be payable to the Beneficiary. Such death benefit shall be paid in a lump sum unless the Beneficiary elects a different payment option. Payment to the Participant's Beneficiary must comply with section 401(a) (9) of the Code, and with any additional Code limitations applicable to the Plan. Should the Beneficiary die before the completion of payments under the payment option, the value of the remaining payments under the payment option shall be paid to the Beneficiary's beneficiary or, if none, the Beneficiary's estate.

6.07 Unforeseeable Emergency Withdrawals. Except as provided in this section, no amount shall be distributable to a Participant or Beneficiary prior to the Participant's Severance from Employment. In the event of an unforeseeable emergency before or after Severance from Employment or the commencement of Retirement Benefits, a Participant may apply to the Employer to receive that part of the value of his Account that is reasonable needed to satisfy the emergency needs. If such application for withdrawal is approved by the Employer, the employer shall direct the Insurance Carriers to pay the Participant such value as the employer deems necessary to meet the emergency needs. The regulations under section 457(d)(1)(A)(iii) of the Code define an unforeseeable emergency as a severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or a dependent (as defined in Code section 152(a) of the participant, loss of property due to casualty, or other similar extraordinary or unforeseeable circumstances arising as a result of events beyond the control of the Participant which would cause severe financial hardship to the Participant if early withdrawal were not permitted. Payment may not be made to the extent that such hardship is or may be relieved by other financial resources available to the Participant, including insurance reimbursement, cessation of deferrals under this Plan or liquidation of other assets, to the extent the liquidation of such assets would not itself cause severe financial hardship. Unforeseeable emergencies do not include the need to send a child to college or the desire to purchase a home.

6.08 Participant's Election to Receive In-Service Distribution. A Participant may elect to receive an in-service distribution of the total amount payable to him under the Plan if:

- (a) such amount does not exceed the dollar amount under section 411(a)(11)(A) of the Code,
- (b) no amount has been deferred under the Plan with respect to the Participant during the two-year period ending on the date of the distribution, and
- (c) there has been no prior distribution under the Plan to the Participant under this Section 6.09 or under Section 6.10.

6.09 Distribution without Participant's Consent. The total amount payable to a Participant under the Plan may be distributed to the Participant without his consent if:

- (a) such amount does not exceed the dollar amount under section 411(a)(11)(A) of the Code.
- (b) no amount has been deferred under the Plan with respect to the Participant during the two-year period ending on the date of the distribution, and

- (c) there has been no prior distribution under the Plan to the Participant under this Section 6.10 or under Section 6.09.

ARTICLE VII. NON-ASSIGNABILITY

- 7.01 In General. Except as provided in Section 7.02, no Participant or Beneficiary shall have any right to commute, sell assign, pledge, transfer or otherwise convey or encumber the right to receive any payments hereunder, which payments and rights are expressly declared to be non-assignable and non-transferable.
- 7.02 Domestic Relations Orders.
 - (a) Allowance of Transfers. To the extent required under a final judgment, decree, or order (including approval of a property settlement agreement) made pursuant to a state domestic relations law, any portion of a Participant's Account may be paid or set aside for payment to a spouse, former spouse, or child of the Participant. Where necessary to carry out the terms of such an order, a separate Account may be established with respect to the spouse, former spouse, or child who shall be entitled to make investment selections with respect thereto in the same manner as the Participant; any amount so set aside for a spouse, former spouse, or child shall be paid out in a lump sum at the earliest date that benefits may be paid to the Participant, unless the order directs an earlier time, to the extent allowed under the Code, or a different form of payment. Where the final judgment, decree or order does not define a form or time of payment that is available under this Plan, the Employer shall have the right to interpret the final judgment, decree or order in a manner that is consistent with the terms of this Plan. Any payment made to a person other than the Participant pursuant to this section shall be reduced by required income tax withholding.
 - (b) Release from Liability to Participant. The Employer's liability to pay benefits to a Participant shall be reduced to the extent that amounts have been paid or set aside for payment to a spouse, former spouse, or child pursuant to paragraph (a) of this section. No such transfer shall be effectuated unless the Employer or Service Provider are released from any further claim by the Participant with respect to such amounts. The Participant shall be deemed to have released the Employer and the Service Provider from any claim with respect to such amounts, in any case in which (i) the Employer or Service Provider has been served with legal process or otherwise joined in a proceeding relating to such

transfer, (ii) the Participant has been notified of the pendency of such proceeding in the manner prescribed by the law of the jurisdiction in which the proceeding is pending by service of process in such action or by mail from the Employer or Service Provider to the Participant's last known mailing address, and (iii) the Participant fails to obtain an order of the court in the proceeding relieving the Employer or Service Provider from the obligation to comply with the judgment, decree, or order. The Participant shall also be deemed to have released the Employer or Service Provider if the Participant has consented to the transfer pursuant to the terms of a property settlement agreement and/or a final judgment, decree, or order as described in paragraph (a).

- (c) Participation in Legal Proceedings. The Employer and the Service Provider shall not be obligated to defend against or seek to have set aside any judgment, decree, or order described in paragraph (a) or any legal order relating to the garnishment of a Participant's benefits, unless the full expense of such legal action is borne by the Participant. In the event that the Participant's action (or inaction) nonetheless causes the Employer or Service Provider to incur such expense, the amount of the expense may be charged against the Participant's Account and thereby reduce the Employer's obligation to pay benefits to the Participant. In the course of any proceeding relating to divorce, separation, or child support, the Employer and Service Provider shall be authorized to disclose information relating to the Participant's Account to the Participant's spouse, former spouse, or child (including the legal representatives of the spouse, former spouse, or child), or to a court.

ARTICLE VIII. TRANSFERS AND ROLLOVERS

- 8.01 Transfers from Other Plans. This Plan shall accept transfers, pursuant to section 457 of the Code, of amounts deferred by an individual under another eligible deferred compensation plan meeting the requirements of section 457(g) of the Code. In no event may the Employer cause such a transfer to be made, except at the request of a Participant. Any such transferred amount shall not be treated as a deferral subject to the limitations of Section 2.09, except that, for the purposes of applying the limit of Section 2.09, an amount deferred during any taxable year under the plan from which the transfer is accepted shall be treated as if it had been deferred under this Plan during such taxable year and compensation paid by the transferor employer shall be treated as if it had been paid by the Employer.
- 8.02 Transfers to Other Plans. A Participant may elect to have any portion of the amount payable to him transferred to another eligible deferred compensation plan. In the event of a request by a Participant for a transfer to another eligible deferred compensation plan. In the event of a request

by a Participant for a transfer to another eligible deferred compensation plan under which amounts are not held in the manner described in Section 5.02, such transfer shall be permitted only if otherwise permitted by the Plan and applicable law. Subject to any limitations imposed by an investment provider, the Plan may also permit transfers of a portion of an amount payable to a Participant to a defined benefit governmental plan in conformity with section 457(e)(17) of the Code.

- 8.03 Rollovers. A Participant may elect to roll an Eligible Rollover Distribution to an Eligible Retirement Plan. The Participant shall be provided with a description of available rollover rights and rules in advance of such a distribution. A distribution that is an Eligible Rollover Distribution and that is paid in a form other than a rollover will be subject to mandatory withholding of twenty-percent 20%, or such other mandatory withholding rate as may be imposed under the Code from time to time. This Plan shall be permitted to accept a rollover distribution from an Eligible Retirement Plan (including a distribution from an IRA) to this Plan, subject to any administrative restrictions imposed by the Plan or by the investment provider. To the extent necessary to satisfy the requirements of the code, any such rollover distribution to the Plan shall be subject to the same restrictions on distributions applicable to other amounts held under the Plan.

ARTICLE IX. AMENDMENT OR TERMINATION OF PLAN

The Employer may at any time amend this Plan or terminate this plan and distribute the Participants' Accounts in conformity with the Code and applicable regulations; provided, however, that such amendment or termination shall not impair the rights of Participants or their Beneficiaries with respect to any compensation deferred before the date of the amendment or termination of this Plan except as may be required to maintain the tax status of the Plan under the Code. Participants shall thereafter receive their Normal Compensation and benefits be paid as provided in Article VI.

ARTICLE X. USERRA

Notwithstanding any other provision of the Plan to the contrary, contributions and service credit with respect to qualified military service will be provided in accordance with Code section 414(u).

ARTICLE XI. GOVERNING LAW

Except to the extent any federal law applies, the Plan shall be construed under the laws of the State of Employer's principal place of business.

ARTICLE XII. RELATIONSHIP TO OTHER PLANS

This Plan serves in addition to any other retirement, pension or benefit plan or system presently in existence or hereinafter established.

ARTICLE XIII. MISCELLANEOUS

- 13.01 Employer. The Employer's address is: Charlotte-Mecklenburg Schools. Employer's Tax ID Number is: 56-6001074.
- 13.02 Plan. On the date that the Plan is adopted, the Employer warrants that it possesses sufficient authority to adopt or amend its plan as set forth herein. Employer shall have exclusive authority to amend the Plan Document. However, no such amendment shall alter the rights or responsibilities of the Service Provider or Insurance Carriers without its advance written consent.
- 13.03 Governing Law; Counterparts. Except where Federal laws would otherwise control or as otherwise provided herein, this Agreement shall be interpreted under the laws of the state of North Carolina. This Agreement shall be subject to any applicable State, county or local deferred compensation rules and regulations. This Agreement may be executed in any number of counterparts, each of which shall be considered an original of this Agreement.
- 13.04 Entire Agreement. Executed by the authorized representatives of the parties, this Agreement together with the referenced Appendix constitutes the entire intent of the parties hereto, and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter of the Agreement.

Appendix A

Provider Portfolio of Products

AIG/VALIC Financial Advisors

- Portfolio Director

AXA Equitable

- EQUI-VEST Strategies TSA
- EQUI-VEST Strategies EDC

Horace Mann

- 403b Group Fixed and Group Variable
- 457 Group Fixed and Group Variable
- 403b Roth Group Fixed and Group Variable

ING

- Education Custom Choice
- Quintaflex
- Educators Direct

Lincoln Financial Group

- Multi-FundR Group Variable Annuity

Security Benefits

- SFR 403b Plan Program
- SFR 457 Plan Program