INDEPENDENT SCHOOL DISTRICT NO. 625 403(b) TAX-DEFERRED RETIREMENT PLAN FOR SHELTERING SEVERANCE PAY AND VACATION PAY
INTRODUCTION

Independent School District No. 625, Saint Paul Public Schools (the "Employer"), sponsors two 403(b) plans for its employees. This document reflects the Independent School District No. 625 403(b) Tax-Deferred Retirement Plan for Sheltering Severance Pay and Vacation Pay. This plan is intended to comply with Section 356.24, subdivision 1(11) of the Minnesota Statutes. Contributions under this plan are limited to non-elective contributions of converted vacation and sick leave upon termination of employment with the Employer. The other 403(b) plan sponsored by the Employer, the Saint Paul Public Schools 403(B) Retirement Savings Plan, is separate from this Plan and is reflected in a separate plan document.
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INDEPENDENT SCHOOL DISTRICT NO. 625 403(b) TAX-DEFERRED RETIREMENT PLAN FOR SHELTERING SEVERANCE PAY AND VACATION PAY

THIS PLAN, hereby adopted by Independent School District No. 625, Saint Paul Public Schools (herein referred to as the "Employer").

WITNESSETH:

WHEREAS, the Employer desires to recognize the contribution made to its successful operation by its employees and to reward such contribution by means of a 403(b) tax sheltered annuity plan for those employees who shall qualify as Participants hereunder;

WHEREAS, the Employer has heretofore established the Independent School District No. 625 403(b) Tax-Deferred Retirement Plan for Sheltering Severance Pay and Vacation Pay (the "Plan") for the exclusive benefit of the Participants and their Beneficiaries;

WHEREAS, the Employer desires to modify the Plan;

NOW, THEREFORE, effective January 1, 2009, (hereinafter called the "Effective Date"), the Employer hereby amends and restates the Plan, on the following terms:

ARTICLE I. DEFINITIONS

1.1 "Active Funding Vehicle" means a Funding Vehicle to which Employer Contributions are currently being made by the Employer. Active Funding Vehicles are identified in Exhibit A.

1.2 "Administrator" means the Employer unless another person or entity has been designated by the Employer pursuant to Section 2.2 to administer the Plan on behalf of the Employer.

1.3 "Anniversary Date" means the last day of the Plan Year.

1.4 "Annual Additions" means the sum credited to a Participant's Non-Elective Account with respect to a Participant for a Limitation Year.

Annual Additions do not include transfers of funds from one plan to another. In addition, the following are not Annual Additions for the purposes this Plan: (1) rollover contributions as defined in Code Sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3) and 457(e)(16); (2) repayments of loans made to a Participant from the Plan; and (3) Employee contributions to a simplified employee pension excludable from gross income under Code Section 408(k)(6).

1.5 "Annuity Contract" means any retirement income or annuity policy, or annuity contract (group or individual) issued as a Funding Vehicle pursuant to the terms of the Plan.

1.6 "Beneficiary" means the person (or entity) to whom the share of a deceased Participant's total account is payable, subject to the restrictions of Sections 5.2. For purposes of Sections 5.3(c) and 5.4(c), "designated Beneficiary" is the person designated under Code Section 401(a)(9) and Regulation 1.401(a)(9)-4. Beneficiaries may include trusts.

1.7 "Benefit Starting Date" means, with respect to any Participant, the first day of the first period for which an amount is paid as an annuity, or, in the case of a benefit not payable in the form of
an annuity, the first day on which all events have occurred which entitles the Participant to such benefit.

1.8 "Code" means the Internal Revenue Code of 1986, as amended or replaced from time to time.

1.9 "Compensation" with respect to any Participant means such Participant’s wages for the Plan Year within the meaning of Code Section 3401(a) (for the purposes of income tax withholding at the source) but determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Code Section 3401(a)(2)).

For purposes of this Section, the determination of Compensation shall be made prior to any reduction pursuant to any salary reduction agreement with the Employer with regard to any Section 403(b) plan, any cafeteria plan under Code Section 125, any contributions made under Code Section 402(h)(1)(B), any contributions picked up by the Employer under Code Section 414(h)(2), or a Code Section 457 plan.

For a Participant’s initial year of participation, Compensation shall be recognized as of such Employee’s effective date of participation pursuant to Section 3.2.

**Compensation Limit.** Compensation in excess of $200,000 (or such other amount provided in the Code) shall be disregarded for all purposes. Such amount shall be adjusted for increases in the cost of living in accordance with Code Section 401(a)(17)(B), except that the dollar increase in effect on January 1 of any calendar year shall be effective for the Plan Year beginning with or within such calendar year. For any short Plan Year the Compensation limit shall be an amount equal to the Compensation limit for the calendar year in which the Plan Year begins multiplied by the ratio obtained by dividing the number of full months in the short Plan Year by twelve (12).

1.10 "Contract" means any Annuity Contract (group or individual) or Custodial Account contract governing a Funding Vehicle issued pursuant to the terms of the Plan. Except as otherwise specifically provided herein, in the event of any conflict between the terms of this Plan and the terms of any Contract, the Plan provisions shall control. However, the terms of the Contract will be given effect to the extent they do not conflict with the terms of the Plan and are not otherwise prohibited by or inconsistent with applicable law.

1.11 "Custodial Account" means a Funding Vehicle under which assets are held by a bank or another person who demonstrates, to the satisfaction of the Secretary of the Treasury, that the manner in which the bank or another person will hold the assets will be consistent with the requirements of Code Section 401(f), and invested in regulated investment stock (mutual funds) as required by Code Section 403(b)(7).

1.12 "Distribution Calendar Year" means a calendar year for which a minimum distribution pursuant to Sections 5.3(c) and 5.4(c) is required. For distributions beginning before the Participant’s death, the first Distribution Calendar Year is the calendar year immediately preceding the calendar year which contains the Participant’s required beginning date under Section 5.3(c). For distributions beginning after the Participant’s death, the first Distribution Calendar Year is the calendar year in which distributions are required to begin under Section 5.4(c)(2). The required minimum distribution for the Participant’s first Distribution Calendar Year will be made on or before the Participant’s required beginning date. The required minimum distribution for other Distribution Calendar Years, including the required minimum distribution for the Distribution Calendar Year in which the Participant’s required beginning date occurs, will be made on or before December 31st of that Distribution Calendar Year.
"Eligible Employee" means any Employee who satisfies the conditions described in Section 3.1.

"Employee" means any person who is employed by an Employer, and excludes any person who is employed as an independent contractor.

"Employer" means Independent School District No. 625, Saint Paul Public Schools, or any successor which shall maintain this Plan, and any predecessor which has maintained this Plan.

An Employer participating in this Plan must at all times be either: an organization exempt from federal income tax pursuant to Code Section 501(c)(3); an educational organization described in Code Section 170(b)(1)(A)(ii) operated by a State, a political subdivision of a State, an agency or instrumentality of one or more of the foregoing; a cooperative hospital service organization described in Code Section 501(e); or a church or church controlled organization described in Code Section 3121(w)(3).

"Employer Contribution" means any Employer contributions to the Plan that are made pursuant to Section 4.1.

"Excess Amount" for any Participant for a Limitation Year shall mean the excess, if any, of (1) the Annual Additions which would be credited to the Participant's Non-Elective Account with respect to a Participant under the terms of the Plan without regard to the limitations of Code Section 415 over (2) the Maximum Annual Addition determined pursuant to Section 4.3.

"Fiduciary" means any person who (a) exercises any discretionary authority or discretionary control respecting management of the Plan or exercises any authority or control respecting management or disposition of its assets, (b) renders investment advice for a fee or other compensation, direct or indirect, with respect to any monies or other property of the Plan or has any authority or responsibility to do so, (c) has any discretionary authority or discretionary responsibility in the administration of the Plan, or (d) otherwise acts in a fiduciary capacity under applicable law.

"Forfeiture" means any amounts that may be forfeited under the Plan pursuant to Section 3.5 or 5.6. Forfeitures shall be used to reduce the contribution of the Employer. Under the Plan, Participant accounts are 100% Vested at all times. As a result, Forfeitures will occur only in the very limited circumstances identified in Sections 3.5 and 5.6.

"415 Compensation" means a Participant's includible compensation determined under Code Section 403(b)(3). For purposes of this Section, the determination of "415 Compensation" shall include any elective deferral (as defined in Code Section 402(g)(3)), and any amount which is contributed or deferred by the Employer at the election of the Participant and which is not includable in the gross income of the Participant by reason of Code Sections 125, 132(f)(4), or 457.

**415 Compensation for Former Employees.** Former Employees are deemed to have monthly 415 Compensation through the end of the taxable year of the Employee in which the former Employee ceased to be an Employee, and through the end of each of the next five (5) taxable years. The amount of monthly 415 Compensation for any month after the former Employee ceased to be an Employee is equal to one twelfth (1/12) of the former Employee's 415 Compensation during the former Employee's most recent "year of service" (as that term is defined in Section 1.403(b)-4(e) of the Regulations). As provided in Section 1.403(b)-4(d) of the Regulations, a former Employee shall not have 415 Compensation for any month following the month of such former Employee's death.
1.21 "Frozen Funding Vehicle" means a Funding Vehicle to which Employer Contributions are not currently being made by the Employer. Frozen Funding Vehicles are identified in Exhibit B.

1.22 "Funding Vehicle" means the financial instrument(s), including Annuity Contracts and Custodial Accounts, issued for the purposes of funding accrued benefits under this Plan and specifically approved by the Employer for use under this Plan. The Funding Vehicles are identified in Exhibit A and Exhibit 3.

1.23 "Life Expectancy" means the life expectancy computed, for purposes of Sections 5.3(c) and 5.4(c), using the Single Life Table in Regulation 1.401(a)(9)-9.

1.24 "Limitation Year" means the calendar year unless the Employee elects otherwise in the manner required by the Internal Revenue Service and notifies the Employer of such election.

1.25 "Maximum Annual Addition" means the maximum amount that may be contributed to this Plan for any Limitation Year, as determined under Section 4.3 and in accordance with Code Section 415.

1.26 "Normal Retirement Age" means the Participant's 65th birthday.

1.27 "Participant" means any Eligible Employee who has become a participant in the Plan pursuant to Section 3.2. A Participant's participation in the Plan shall cease when the Participant's Account Balance with respect to the Participant reaches zero and no further Employer Contributions will be made with respect to such Participant.

1.28 "Participant Direction Procedures" means such instructions, guidelines or policies, the terms of which are incorporated herein, as shall be established pursuant to Section 4.5 and observed by the Administrator and applied to Participants who have Participant Directed Accounts.

1.29 "Participant's Account Balance" means the aggregate balance, as of the last Valuation Date in the calendar year immediately preceding the Distribution Calendar Year (valuation calendar year), of all accounts established for a Participant hereunder increased by the amount of any contributions made and allocated or Forfeitures allocated to the account balance as of dates in the valuation calendar year after the Valuation Date and decreased by distributions made in the valuation calendar year after the Valuation Date. The account balance 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.

1.30 "Participant's Directed Account" means that portion of a Participant's interest in the Plan with respect to which the Participant has directed the investment in accordance with the Participant Direction Procedures.

1.31 "Participant's Non-Elective Account" means the account established and maintained by the Administrator for each Participant with respect to such Participant's total interest in the Plan resulting from the Employer Contributions.

1.32 "Plan" means the Independent School District No. 625 403(b) Tax-Deferred Retirement Plan for Sheltering Severance Pay and Vacation Pay as reflected in this Instrument, including all exhibits and amendments thereto.

1.33 "Plan Fund" means the assets of the Plan as the same shall exist from time to time, which shall be invested exclusively in one or more Funding Vehicles meeting the requirements of Code
Section 403(b). Notwithstanding any other provision of the Plan, the Plan Fund, and all income attributable thereto, shall be held solely for the purposes set forth in this Plan.

1.34 "Plan Year" means the Plan's accounting year of twelve (12) months commencing on January 1 of each year and ending the following December 31.

1.35 "Regulation" means the Income Tax Regulations as promulgated by the Secretary of the Treasury or a delegate of the Secretary of the Treasury, and as amended from time to time.

1.36 "Section 415 Suspense Account" shall mean an unallocated account established for the purpose of holding certain Excess Amounts pursuant to Section 4.4.

1.37 "Severance from Employment" means an Employee ceasing to be employed by the Employer in cases other than death.

1.38 "Severance Pay" means the cash value of an Employee's accumulated vacation and sick leave that is converted, on a mandatory basis, into a 403(b) plan contribution upon such Employee's death or Severance from Employment pursuant to the terms and conditions of an applicable collective bargaining agreement, employment contract, or personnel policy.

1.39 "Valuation Date" means the Anniversary Date and may include any other date or dates deemed necessary or appropriate by the Administrator or its designee for the valuation of the Participants' accounts established for the Participants during the Plan Year, which may include any day that any transfer agent appointed by the Employer or any stock exchange used by such agent, are open for business.

1.40 "Vested" means the portion of any account maintained on behalf of a Participant that is nonforfeitable. A Participant shall become fully Vested immediately upon entry into the Plan. The computation of a Participant's Vested interest in the Plan shall not be reduced as the result of any direct or indirect amendment to this Plan. In the event the Plan is amended or modified, any vesting schedule, or if the Plan is amended in any way that directly or indirectly affects the computation of the Participant's nonforfeitable percentage, then each Participant with at least three (3) Years of Service as of the expiration date of the election period may elect to have such Participant's nonforfeitable percentage computed under the Plan without regard to such amendment. If a Participant fails to make such election, then such Participant shall be subject to the new vesting schedule. The Participant's election period shall commence on the adoption date of the amendment and shall end sixty (60) days after the latest of: (1) the adoption date of the amendment, (2) the effective date of the amendment, or (3) the date the Participant receives written notice of the amendment from the Employer or Administrator.
ARTICLE II.
ADMINISTRATION

2.1 POWERS AND RESPONSIBILITIES OF THE EMPLOYER

(a) The Employer shall be empowered to appoint and remove the Administrator from time to time as it deems necessary for the proper administration of the Plan to ensure that the Plan is being operated for the exclusive benefit of the Participants and their Beneficiaries in accordance with the terms of the Plan and the Code.

(b) The Employer shall establish a "funding policy and method" (i.e., it shall determine whether the Plan has a short run need for liquidity (e.g., to pay benefits) or whether liquidity is a long run goal and investment growth (and stability of same) is a more current need), or shall appoint a qualified person to do so. Such "funding policy and method" shall be consistent with the objectives of the Plan.

(c) Consistent with the "funding policy and method," the Employer shall determine and establish the Funding Vehicles available to Participants under the Plan. In making such determination, the Employer shall be restricted to securities or other property of the character expressly authorized by the applicable law for investments of employee plans which meet the requirements of Code Section 403(b).

(d) The Employer shall periodically review the performance of any Fiduciary or other person to whom duties have been delegated or allocated by it under the provisions of the Plan or pursuant to procedures established hereunder. This requirement may be satisfied by forma periodic review by the Employer or by a qualified person specifically designated by the Employer, through day to day conduct and evaluation, or through other appropriate ways.

2.2 DESIGNATION OF ADMINISTRATIVE AUTHORITY

The Employer shall be the Administrator. The Employer may appoint, as its designee, any person, including, but not limited to, third party administrators or the Employees of the Employer, to perform the duties of the Employer as Administrator. Any person so appointed shall signify acceptance by filing written acceptance with the Employer. Upon the resignation or removal of any individual performing the duties of the Administrator, the Employer may designate a successor.

2.3 POWERS AND DUTIES OF THE ADMINISTRATOR

The primary responsibility of the Administrator is to administer the Plan for the exclusive benefit of the Participants and their Beneficiaries, subject to the specific terms of the Plan. The Administrator shall administer the Plan in accordance with its terms and shall have the power and discretion to construe the terms of the Plan and to determine all questions arising in connection with the administration, interpretation, and application of the Plan. Any such determination by the Administrator shall be conclusive and binding upon all persons. The Administrator may establish procedures, correct any defect, supply any information, or reconcile any inconsistency in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan; provided, however, that any procedure, discretionary act, interpretation or construction shall be done in a nondiscriminatory manner based upon uniform principles consistently applied and shall be consistent with the intent that the Plan shall continue to be deemed an eligible deferred compensation plan under the terms of Code Section 403(b).
Administrator shall have all powers necessary or appropriate to accomplish the Administrator’s duties under the Plan.

The Administrator shall be charged with the duties of the general administration of the Plan as set forth under the terms of the Plan, including but not limited to the following:

(a) the discretion to determine all questions relating to the eligibility of Employees to participate or remain a Participant hereunder and to receive benefits under the Plan;

(b) to compute and certify the amount and the kind of benefits to which any Participant shall be entitled hereunder;

(c) to authorize and direct with respect to all discretionary or otherwise directed disbursements from the Funding Vehicle;

(d) to maintain all necessary records for the administration of the Plan;

(e) to interpret the provisions of the Plan and to make and publish such rules for regulation of the Plan as are consistent with the terms hereof;

(f) if requested by Employer, to compute and certify to the Employer from time to time the sums of money necessary or desirable to be contributed to the sponsor of the Funding Vehicle;

(g) to assist any Participant regarding such Participant’s rights, benefits, or elections available under the Plan;

(h) to determine the validity of, and take appropriate action with respect to, any qualified domestic relations order received by it; and

(i) to do all such acts and exercise all such rights and privileges, although not specifically mentioned herein, as the Administrator may deem necessary to carry out the purposes of the Plan.

2.4 RECORDS AND REPORTS

The Administrator and any designee shall keep a record of all actions taken and shall keep other books of account, records, policies, and other data that may be necessary for proper administration of the Plan and shall be responsible for supplying information and reports to the Internal Revenue Service, Participants, Beneficiaries and others as required by law.

2.5 APPOINTMENT OF ADVISERS

The Administrator may appoint counsel, specialists, advisers, agents (including nonfiduciary agents) and other persons as the Administrator deems necessary or desirable in connection with the administration of this Plan, including but not limited to agents and advisers to assist with the administration and management of the Plan, and thereby to provide, among such other duties as the Administrator may appoint, assistance with maintaining Plan records and the providing of investment information to the Plan’s investment fiduciaries and to Plan Participants.
2.6 PAYMENT OF EXPENSES

All expenses of administration shall be paid out of the Plan Fund unless paid by the Employer or by a third party, such as an issuer of a Funding Vehicle. Such expenses shall include any expenses incident to the functioning of the Administrator, or any person or persons retained or appointed by any named Fiduciary incident to the exercise of their duties under the Plan, including, but not limited to, fees of accountants, counsel, agents (including nonfiduciary agents) appointed for the purpose of assisting the Administrator in carrying out the instructions of Participants as to the directed investment of their accounts and other specialists and their agents, and other costs of administering the Plan.

2.7 CLAIMS PROCEDURE

For purposes of this Section, the Claimant is responsible for submitting the claim and complying with all Plan provisions, including but not limited to the time frames.

Any claim by a Participant or Beneficiary (the "Claimant") with respect to eligibility, participation, contributions, benefits or other aspects of the operation of the Plan shall be made in writing to the Administrator or its designee. If the Administrator, or its designee, believes that the claim should be denied, it shall notify the Claimant in writing of the denial of the claim within ninety (90) days after its receipt thereof (this period may be extended an additional ninety (90) days in special circumstances). Such notice shall (a) set forth the specific reason or reasons for the denial, making reference to the pertinent provisions of the Plan on which the denial is based, (b) describe any additional material or information necessary to perfect the claim, and explain why such material or information, if any, is necessary, and (c) inform the Claimant of his right pursuant to Section 2.8 to request review of the decision of the Administrator or its designee.

2.8 CLAIMS REVIEW PROCEDURE

For purposes of this Section, the Claimant is responsible for submitting the request to review the claim and complying with all Plan provisions, including but not limited to the time frames.

A Claimant may appeal the denial of a claim to the Administrator by submitting a written request for review to the Administrator within sixty (60) days after the date on which such denial is received. Such period may be extended by the Administrator for good cause shown. The Claimant, or its duly authorized representative, may discuss any issues relevant to the claim, may review pertinent documents and may submit issues and comments in writing. If the Administrator deems it appropriate, it may hold a hearing as to a claim. If a hearing is held, the Claimant shall be entitled to be represented by counsel. The Administrator shall decide whether or not to grant the claim within sixty (60) days after receipt of the request for review, but this period may be extended by the Administrator for up to an additional sixty (60) days in special circumstances (the Participant or Beneficiary shall be notified of the delay). The decision of the Administrator shall be in writing, shall include specific reasons for the decision and shall refer to pertinent provisions of the Plan or of Plan documents on which the decision is based. Claims and review of claims pertaining to benefits under a Funding Vehicle (including claims relating to the terms, conditions and interpretations of a Contract) must be sent to the Administrator or its designee and shall be determined by the applicable issuer of the Funding Vehicle under its own procedures. Any claim not decided in the required time period shall be deemed denied. All interpretations, determinations and decisions of the Administrator, its designee, or the applicable issuer of a Funding Vehicle with respect to any claim shall be made in the sole discretion of each, based on the Plan documents and Contract, and shall be final and binding.
2.9 CLAIMS PROCEDURE AND REVIEW PROCEDURE UNDER FUNDING VEHICLE

Where the claim pertains to benefits under a Funding Vehicle (including, but not limited to, claims relating to the terms, conditions and interpretations of a Contract), the Claimant shall submit the claim or request for review of the claim to the Administrator or its designee. The claim or request for review of the claim shall be determined by the applicable issue of the Funding Vehicle under its own procedures, provided such procedures are consistent with the Plan, Section 403(b) of the Code, the Regulations hereunder, and other applicable law.

ARTICLE III.
ELIGIBILITY

3.1 CONDITIONS OF ELIGIBILITY

Any Employee or former Employee, except an Employee or former Employee classified by the Employer as an independent contractor who is subsequently determined by the Internal Revenue Service to be or have been an Employee, shall be eligible to participate hereunder. Employees and former Employees satisfying the requirements in this Section 3.1 shall be Eligible Employees regardless of their participation in a 457(b) plan maintained by the Employer.

3.2 EFFECTIVE DATE OF PARTICIPATION

An Eligible Employee shall become a Participant as of the date on which the Eligible Employee is eligible to receive Severance Pay.

3.3 DETERMINATION OF ELIGIBILITY

The Administrator or its designee shall determine the eligibility of each Employee for participation in the Plan based upon information furnished by the Employer. Such determination shall be conclusive and binding upon all persons, as long as the same is made pursuant to the Plan. Such determination shall be subject to review pursuant to Section 2.8.

3.4 OMISSION OF ELIGIBLE EMPLOYEE

If, in any Plan Year, any Employee who should be included as a Participant in the Plan is erroneously omitted and discovery of such omission is not made until after a contribution by the Employer for the year has been made and allocated, then the Employer shall make a subsequent contribution, if necessary after the application of Section 4.4 so that the omitted Employee receives a total amount which the Employee would have received (including both Employer Contributions and earnings thereon) had the Employee not been omitted.

3.5 INCLUSION OF INELIGIBLE EMPLOYEE

If, in any Plan Year, any person who should not have been included as a Participant in the Plan is erroneously included and discovery of such inclusion is not made until after a contribution for the year has been made and allocated, the Employer shall be entitled to recover the contribution made with respect to the ineligible person provided the error is discovered within twenty-four (24) months of the date on which it was made. Otherwise, the amount contributed with respect to the ineligible person shall constitute a Forfeiture for the Plan Year in which the discovery is made.
3.6 REHIREDEMPLOYEES

If any Participant is reemployed by the Employer, the former Employee shall become a Participant for the purpose of receiving additional contributions in accordance with Section 3.2.

3.7 ENROLLMENT IN PLAN

An Eligible Employee must complete the necessary enrollment form(s) and return them to the Administrator or its designee. If an Eligible Employee fails to return the enrollment forms, he/she shall be enrolled in the Plan by the Administrator or its designee and the Participant’s Non-Elective Account shall be invested in a default investment fund within a Funding Vehicle selected by the Administrator or its designee.

ARTICLE IV.
CONTRIBUTION AND ALLOCATION

4.1 EMPLOYER CONTRIBUTIONS

The (1) amount of, and (2) eligibility for, a contribution of Severance Pay shall be determined in accordance with the applicable collective bargaining agreement, employment contract, or personnel policy. Any Severance Pay designated as a contribution to a 403(b) plan by such a collective bargaining agreement, employment contract, or personnel policy shall constitute the Employer Contribution. The previous statements notwithstanding, an Employer Contribution must comply with any applicable State law requirements, including but not limited to Minnesota Statutes Section 356.24 (2008), as may be amended. No other Employer Contributions can be made unless (1) specifically permitted under applicable State law, including but not limited to Minnesota Statutes Section 356.24 (2008), as may be amended, and (2) permitted under Code Section 403(b).

4.2 TIME OF PAYMENT AND ALLOCATION OF CONTRIBUTIONS

(a) Unless provided otherwise in an applicable collective bargaining agreement, employment contract, or personnel policy, and except as otherwise provided herein, Employer Contributions shall be made within thirty (30) days following the date on which the Eligible Employee becomes a Participant.

(b) Notwithstanding the foregoing, if the Employer Contribution that would otherwise be contributed or allocated to a Participant’s Non-Elective Account with respect to a Participant would cause the Annual Additions for the Limitation Year to exceed the Maximum Annual Addition, the amount contributed or allocated will be reduced so that the Annual Additions for the Limitation Year will equal the Maximum Annual Addition. Any amount in excess of the Maximum Annual Addition that would have been contributed to such Participant’s Non Elective Account shall be contributed to the Plan and allocated to the Participant’s Non-Elective Account in the Limitation Year immediately following the Limitation Year in which the Maximum Annual Addition was made, up to the Maximum Annual Addition amount for such Limitation Year. If the Employer Contribution that would otherwise be contributed or allocated to the Participant’s Non-Elective Accounts with respect to a Participant would again cause the Annual Additions for the Limitation Year to exceed the Maximum Annual Addition, the Employer Contributions shall be made in each subsequent Limitation Year, up to the Maximum Annual Addition permitted under Section 4.3 for each Limitation Year. In the event the entire Employer Contribution to be made for a Participant cannot be contributed to the Plan with respect to such Participant
due to the limits on Annual Additions described in Section 4.3, any remaining amount to be contributed to the Plan shall be forfeited.

(c) Notwithstanding the foregoing, a Participant who dies may not receive Employer Contributions in a Limitation Year following the Limitation Year in which the Participant died. Upon a Participant's death prior to contribution of the entire Employer Contribution to be made for such Participant, the Employer shall make the maximum Employer Contribution allowed for such Participant (under the rules described in Section 4.3). In the event the entire remaining Employer Contribution to be made for a Participant cannot be contributed to the Plan with respect to such Participant due to the limits on Annual Additions described in Section 4.3, any remaining amount to be contributed to the Plan shall be forfeited.

(d) The Administrator or its designee shall establish and maintain accounts in the name of each Participant to which the Administrator or its designee shall credit all amounts allocated to each such Participant as set forth herein.

(e) The Employer shall provide the Administrator and its designee with all information required by the Administrator and its designee to make a proper allocation of the Employer Contribution for each Plan Year. Within a reasonable period of time after the date of receipt by the Administrator or its designee of such information, the Administrator or its designee shall allocate such contribution to each Participant's Non-Elective Account.

(f) On or before each Anniversary Date any amounts which became Forfeitures since the last Anniversary Date may be used to satisfy any contribution that may be required pursuant to Section 3.4 and/or 5.6, or used to pay any administrative expenses of the Plan. The remaining Forfeitures, if any, shall be used to reduce the contribution of the Employer hereunder for the Plan Year in which such Forfeitures occur.

4.3 MAXIMUM ANNUAL ADDITIONS

(a) Notwithstanding the foregoing, the Maximum Annual Addition with respect to a Participant for any Limitation Year shall equal the lesser of: (1) $46,000, adjusted annually as provided in Code Section 415(d) pursuant to the Regulations, or (2) one hundred percent (100%) of the Participant's 415 Compensation for such Limitation Year. Except, however, the 415 Compensation percentage limitation referred to above shall not apply to: (1) any contribution for medical benefits after separation from service (within the meaning of Code Section 401(h) or Code Section 419A(f)(2)) which is otherwise treated as an Annual Addition, or (2) any amount otherwise treated as an Annual Addition under Code Section 415(l)(1). For any short Limitation Year, the dollar limitation in (1) above shall be reduced by a fraction, the numerator of which is the number of full months in the short Limitation Year and the denominator of which is twelve (12).

(b) If a Participant participates in more than one 403(b) plan, the Maximum Annual Addition under this Plan shall equal the Maximum Annual Addition for the Limitation Year described in Section 4.3(a) above minus any annual additions (as defined in Code Section 415) previously credited to such Participant's accounts under the other 403(b) plan(s) during the Limitation Year. Contributions to a 457(b) plan by or on behalf of a Participant are not taken into account for purposes of this Section 4.3(b).
(c) Notwithstanding anything contained in this Plan to the contrary, the limitations, adjustments, and other requirements prescribed in this Section shall at all times comply with the provisions of Code Section 415 and the Regulations thereunder.

(d) Pursuant to Section 1.403(b)-4(f) of the Regulations, Excess Amounts shall be held in a separate account which constitutes a separate account for purposes of Code Section 72.

4.4 ADJUSTMENT FOR EXCESSIVE ANNUAL ADDITIONS

If, as a result of a reasonable error in estimating a Participant's 415 Compensation, a reasonable error in determining the amount of elective deferrals (within the meaning of Code Section 402(g)(3)) that may be made with respect to any Participant, or other facts and circumstances to which Regulation 1.415-6(b)(6) shall be applicable, the Annual Additions under this Plan would cause the Maximum Annual Addition to be exceeded for any Participant, the Excess Amount will be disposed of in accordance with the following rules:

(a) If the Participant is covered by the Plan at the end of the Limitation Year, then the Excess Amount will be used to reduce the Employer Contribution for such Participant in the next Limitation Year, and each succeeding Limitation Year if necessary.

(b) If the Participant is not covered by the Plan at the end of the Limitation Year, then the Excess Amount will be held unallocated in the Section 415 Suspense Account. The Section 415 Suspense Account will be applied to reduce future Employer Contributions for all remaining Participants in the next Limitation Year, and each succeeding Limitation Year if necessary.

(c) If a Section 415 Suspense Account is in existence at any time during the Limitation Year pursuant to this Section 4.4, it will not participate in the allocation of investment gains and losses of the Plan Fund. If a Section 415 Suspense Account is in existence at any time during a particular Limitation Year, all amounts in the Section 415 Suspense Account must be allocated and reallocated to Participant Non-Elective Accounts before any Employer Contributions may be made to the Plan for that Limitation Year. Excess Amounts may not be distributed to Participants.

4.5 DIRECTED INVESTMENT ACCOUNT

(a) Participants may, subject to a procedure established by the Administrator or its designee (the Participant Direction Procedures) and applied in a uniform nondiscriminatory manner, direct the investment of all their accounts in a particular Funding Vehicle and further in the specific assets, specific funds, or other investments made available through a Funding Vehicle. That portion of the interest of any Participant so directing will thereupon be considered a Participant's Directed Account. Notwithstanding the foregoing, Employer Contributions shall be made only to one Active Funding Vehicle at a time.

(b) As of each Valuation Date, all Participant Directed Accounts shall be charged or credited with the net earnings, gains, losses and expenses as well as any appreciation or depreciation in the market value using publicly listed fair market values when available or appropriate as follows:

(1) to the extent that the assets in a Participant's Directed Account are accounted for as pooled assets or investments, the allocation of earnings, gains and losses of each Participant's Directed Account shall be based upon the total amount of
funds so invested in a manner proportionate to the Participant’s share of such pooled investment; and

(2) to the extent that the assets in the Participant’s Directed Account are accounted for as segregated assets, the allocation of earnings, gains and losses from such assets shall be made on a separate and distinct basis.

(c) Investment directions will be processed as soon as administratively practicable after proper investment directions are received from the Participant. No guarantee is made by the Plan, Employer or Administrator (or its designee) that investment directions will be processed on a daily basis, and no guarantee is made in any respect regarding the processing time of an investment direction. Notwithstanding any other provision of the Plan, the Employer or Administrator (or its designee) reserves the right to not value an investment option on any given Valuation Date for any reason deemed appropriate by the Employer or Administrator (or its designee). Furthermore, the processing of any investment transaction may be delayed for any legitimate business reason (including, but not limited to, failure of systems or computer programs, failure of the means of the transmission of data, force majeure, the failure of a service provider to timely receive values or prices, and correction for errors or omissions or the errors or omissions of any service provider). The processing date of a transaction will be binding for all purposes of the Plan and considered the applicable Valuation Date for an investment transaction.

4.6 FROZEN FUNDING VEHICLES

Frozen Funding Vehicles are maintained under the Plan for purposes of holding contributions previously made under the Plan.

(a) A Frozen Funding Vehicle will only be maintained under the Plan:

(1) for the purposes of holding Employer Contributions previously made under the Plan;

(2) provided the Frozen Funding Vehicle has entered into an information sharing agreement with the Plan; and

(3) through June 30, 2014.

(b) Notwithstanding the foregoing, a Frozen Funding Vehicle issued to a Participant who is not an Employee on January 1, 2009, will not be maintained for that Participant under Plan.

(c) While a Frozen Funding Vehicle is maintained under the Plan, a Participant need not exchange the Frozen Funding Vehicle for an Active Funding Vehicle or take other actions to avoid any potential tax consequence of having investments in a 403(b) investment vehicle not maintained under an employer’s plan. On July 1, 2014, the Frozen Funding Vehicles will cease to be Funding Vehicles. Prior to that time, Participants holding a Frozen Funding Vehicle should determine whether a tax consequence will result from the Frozen Funding Vehicle ceasing to be maintained under the Plan and, if necessary, take appropriate action to avoid any such tax consequence. Nothing herein shall preclude a particular Participant from exchanging all or part of a Frozen Funding Vehicle for an Active Funding Vehicle at any time prior to July 1, 2014.
4.7 EXCHANGES OF FUNDING VEHICLES

Participants may exchange one Active Funding Vehicle for another Active Funding Vehicle. Such exchanges shall comply with the requirements found in Section 1.403(b)-10(b)(2) of the Regulations. Participants may not exchange a Funding Vehicle for a Frozen Funding Vehicle or for an annuity contract or custodial agreement that is not a Funding Vehicle. All transfers between Funding Vehicles shall be subject to the limitations imposed by the applicable Funding Vehicles including, but not limited to, penalties, surrender charges, termination fees, waiting periods, and the like.

ARTICLE V.
DETERMINATION AND DISTRIBUTION OF BENEFITS

5.1 DETERMINATION OF BENEFITS UPON SEVERANCE FROM EMPLOYMENT

(a) Except as otherwise provided herein, following a Participant's Severance from Employment, the Administrator or its designee shall direct the distribution, at the election of the Participant, of all amounts credited to the various accounts established for such Participant hereunder in accordance with Section 5.3.

(b) If the value of a Participant's Vested benefit does not exceed $1,000, then the Administrator or its designee shall direct the distribution of the entire Vested benefit to such Participant in a lump-sum payment as soon as administratively feasible after a Severance from Employment.

5.2 DETERMINATION OF BENEFITS UPON DEATH

(a) Following the death of a Participant, the Administrator or its designee shall direct the Funding Vehicle, in accordance with the provisions of Section 5.4, to distribute any remaining Vested amounts credited to the accounts of such Participant to such Participant's Beneficiary.

(b) Any security interest held by the Plan by reason of an outstanding loan to the Participant shall be taken into account in determining the amount of the death benefit.

(c) The Administrator or its designee may require such proper proof of death and such evidence of the right of any person to receive payment of the value of the account of a Participant as the Administrator or its designee may deem desirable. The Administrator's (or its designee's) determination of death and of the right of any person to receive payment shall be conclusive.

For purposes of this Section, “person” includes an individual, committee of individuals, partnership, limited partnership, joint venture, corporation, limited liability corporation, trust, estate, unincorporated organization, association or employer organization.

(d) The Participant may designate a Beneficiary other than his/her estate by completing a form satisfactory to the Administrator or its designee. If no Beneficiary is properly designated, the Beneficiary shall be the Participant's estate. A Participant may at any time revoke a designation of a Beneficiary or change a Beneficiary by filing written (or in such other form as permitted by the Internal Revenue Service) notice of such revocation or change with the Administrator or its designee.
If no properly designated Beneficiary exists under Section 5.2(d) at the time of the Participant's death, the death benefit will be paid to the Participant's estate. If a properly designated Beneficiary exists at the time of the Participant's death, but ceases to exist prior to distribution of the death benefit, the death benefit will be paid in accordance with applicable law and the then existing facts and circumstances, including, but not limited to, any valid designation by the Participant or the Beneficiary of a contingent or successor Beneficiary. If, following application of the prior sentence, no recipient of the death benefit has been identified, the death benefit will be paid to the Beneficiary's estate.

5.3 DISTRIBUTION OF BENEFITS UPON SEVERANCE FROM EMPLOYMENT

(a) Upon a Participant's Severance from Employment or Total and Permanent Disability, the benefit payable pursuant to Section 5.1 shall be paid in the form of a single lump sum of the entire Vested benefit, unless an optional form of benefit described in Section 5.3(b) is elected. Any payment hereunder shall be subject to such charges, if any, that may from time to time be imposed under the Funding Vehicle upon the applicable form of payment.

(b) In the event a Participant duly elects, pursuant to paragraph (a) above, not to receive a lump sum, the Administrator or its designee, pursuant to the election of the Participant, shall direct the distribution to a Participant or such Participant’s Beneficiary of any amount to which the Participant is entitled under the Plan in one or more of the following methods, provided such distribution method is available under the applicable Funding Vehicles and is consistent with Section 5.3(c):

1. a life annuity with ten (10) years certain, providing for monthly benefits for the life of the Participant, with payments ceasing upon the Participant’s death if at such time one hundred twenty (120) monthly payments have been made, monthly benefits in the same amount will be paid to the Beneficiary until a total of one hundred (120) monthly payments have been made;

2. a life annuity with no period certain, providing monthly benefits to the Participant for his/her life. No benefits shall be paid after the death of the Participant;

3. a fixed period annuity for ten (10) years certain, providing monthly benefits to the Participant while living and then to the Beneficiary if the Participant should die prior to the end of the fixed period. No benefits shall be paid after the end of the fixed period;

4. a joint and survivor annuity with ten (10) years certain, providing for monthly benefits to the Participant for his/her life, and upon the death of the Participant, benefits to continue to the survivor annuitant designated by the Participant for the life of the survivor annuitant in an amount equal to one hundred percent (100%) of the annuity amount received by the Participant for the remainder of the period certain and thereafter, in an amount as originally elected by the Participant equal to fifty percent (50%), sixty-six and two-thirds percent (66 2/3%), seventy-five percent (75%), or one hundred percent (100%) of the monthly amount that had been paid to the Participant during his/her life. If the Participant and the survivor annuitant die before one hundred twenty (120) cumulative monthly payments have been made to the Participant and the survivor annuitant, monthly payments equal to the monthly payments payable to the Participant will be continued to the Beneficiary until the remainder of one
hundred twenty (120) monthly payments have been paid. Such Beneficiary may be changed by the survivor annuitant if the survivor annuitant survives the Participant;

(5) a joint and survivor annuity, providing for monthly benefits to the Participant for monthly benefits to the Participant for his/her life and, upon the death of the Participant, benefits to continue to the survivor annuitant designated by the Participant, for the life of the survivor annuitant, in an amount as originally elected by the Participant equal to fifty percent (50%), seventy-five percent (75%), or one hundred percent (100%) of the monthly amount being paid to the Participant during his life;

(6) a lump sum payment of a partial portion of the Vested benefit;

(7) installment payments for a period of years (payable on a monthly, quarterly, semi-annual, or annual basis);

(8) a partial lump sum payment of a designated amount, with the balance payable in installment payments for a period of years, as described in subsection (7) above; or

(9) such other forms of installment payments as may be approved by the Administrator or its designee.

(c) Notwithstanding any provisions in the Plan to the contrary, the distribution of a Participant’s benefits, whether under the Plan or through the purchase of an Annuity Contract, will be made in accordance with the following requirements and will otherwise comply with Code Sections 403(b)(10) and 401(a)(9) and the Regulations thereunder, the provisions of which are incorporated herein by reference:

(1) A Participant’s benefits will be distributed not later than July 1st of the calendar year following the later of (i) the calendar year in which the Participant attains age 70 ½ or (ii) the calendar year in which the Participant retires.

Alternatively, distributions to a Participant must begin no later than the applicable July 1st as determined above and must be made over a period certain measured by the Life Expectancy of the Participant (or joint Life Expectancies of the Participant and the Participant’s “designated Beneficiary”) in accordance with Regulations. Such distributions will be equal to or greater than any required distribution.

Alternatively, if the distribution is to be in the form of an annuity, then distributions must begin no later than the applicable July 1st as determined above and must be made over the Life Expectancy of the Participant (or joint Life Expectancies of the Participant and the Participant’s “designated Beneficiary”) in accordance with Regulations. Such distributions will be equal to or greater than any required distribution.

(2) Distributions to a Participant and the Participant’s Beneficiaries will only be made in accordance with the incidental death benefit requirements of Code Section 401(a)(9)(G), the Regulations thereunder, and applicable State law.
(3) Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date specified in (1) above, the minimum amount that will be distributed for each Distribution Calendar Year (including the first Distribution Calendar Year and the Distribution Calendar Year that includes the Participant's date of death) is the lesser of:

(i) the quotient obtained by dividing the Participant's Account Balance by the distribution period in the Uniform Lifetime Table set forth in Regulation 1.401(a)(9)-9, using the Participant's age as of the Participant's birthday in the Distribution Calendar Year; or

(ii) if the Participant's sole "designated Beneficiary" for the Distribution Calendar Year is the Participant's spouse, the quotient obtained by dividing the Participant's Account Balance by the number in the Joint and Last Survivor Table set forth in Regulation 1.401(a)(9)-9, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the Distribution Calendar Year.

If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Code Section 401(a)(9) and Regulations thereunder.

(d) All Annuity Contracts under this Plan shall be non-transferable when distributed. Furthermore, the terms of any Annuity Contract purchased and distributed to a Participant or spouse shall comply with all of the requirements of the Plan.

5.4 DISTRIBUTION OF BENEFITS UPON DEATH

(a) If a Participant dies before his Benefit Starting Date, the death benefit payable pursuant to Section 5.2 shall be paid to the Participant's Beneficiary in the form of a lump sum, unless the Beneficiary chooses an optional form of benefit as provided in Section 5.3(b).

(b) Notwithstanding the foregoing, if the present value of the death benefit does not exceed $5,000, then, subject to the terms of any Contract, the Administrator or its designee shall direct the immediate lump-sum distribution of the death benefit to the Participant's Beneficiary.

(c) Notwithstanding any provisions in the Plan to the contrary, distributions, whether under the Plan or through the purchase of an Annuity Contract, upon the death of a Participant will be made in accordance with the following requirements and will otherwise comply with Code Sections 403(b)(10) and 401(a)(9) and the Regulations thereunder, the provisions of which are incorporated herein by reference:

(1) If the Participant dies on or after the date distributions begin, the remaining portion of the Participant's interest shall be distributed at least as rapidly as under the method of distribution being used as of the date of the Participant's death. If there is a "designated Beneficiary," then the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the longer of the remaining Life Expectancy of the Participant or the
remaining Life Expectancy of the Participant's "designated Beneficiary," determined as follows:

(i) The Participant's remaining Life Expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(ii) If the Participant's surviving spouse is the Participant's sole "designated Beneficiary," then the remaining Life Expectancy of the surviving spouse is calculated for each Distribution Calendar Year after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year. For Distribution Calendar Years after the year of the surviving spouse's death, the remaining Life Expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in the calendar year of the spouse's death, reduced by one for each subsequent calendar year.

(iii) If the Participant's surviving spouse is not the Participant's sole "designated Beneficiary," then the "designated Beneficiary's" remaining Life Expectancy is calculated using the age of the beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

However, if there is no "designated Beneficiary" as of September 30th of the year after the year of the Participant's death, then the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the Participant's remaining Life Expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(2) If a Participant dies before the date distributions begin, then the Participant's entire interest will be distributed in accordance with the following rules:

(i) Distributions must be made, or begin to be made, in accordance with one of the following methods:

(A) The death benefit will be distributed to the Participant's Beneficiary by December 31st of the calendar year containing the fifth anniversary of the Participant's death (the "5 year rule").

(B) The death benefit will be distributed to Participant's "designated Beneficiary" over the life of such Beneficiary (or over a period not extending beyond the life expectancy of such Beneficiary), commencing on or before the end of the calendar year immediately following the calendar year in which the Participant died (the "life expectancy rule").

(I) Provided, if the Participant's surviving spouse is the Participant's sole "designated Beneficiary," then the commencement of distributions to the surviving spouse under the "life expectancy rule" may be delayed until
December 31st of the calendar year in which the Participant would have attained age 70 1/2, if later than the date provided above.

(ii) Participants or Beneficiaries may elect on an individual basis whether the "5 year rule" or the "life expectancy rule" in this Section 5.4(c)(2) applies to distributions after the death of a Participant who has a "designated Beneficiary." The election must be made no later than the earlier of September 30th of the calendar year in which distributions would be required to begin under Sections 5.4(c)(2)(i)(B), or by September 30th of the calendar year which contains the fifth anniversary of the Participant's (or, if applicable, surviving spouse's) death. If neither the Participant nor Beneficiary makes an election under this paragraph, distributions will be made in accordance with the "5 year rule.”

(iii) If there is no "designated Beneficiary" as of September 30th of the year following the year of the Participant's death, the Participant’s entire interest will be distributed by December 31st of the calendar year containing the fifth anniversary of the Participant's death.

(iv) If the Participant is survived by a "designated Beneficiary," then the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant’s death is the quotient obtained by dividing the Participant’s Account Balance by the remaining Life Expectancy of the Participant’s "designated Beneficiary," determined as provided in Section 5.4(c)(1). However, this Section 5.4(c)(2)(iv) shall not apply if distributions are made under the "5 year rule.”

(iii) If the Participant's surviving spouse is the Participant's sole "designated Beneficiary" and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin pursuant to the "life expectancy rule," then this Section 5.4(c)(2) and Section 5.2, other than Section 5.4(c)(2)(i)(B)(I) above, will apply as if the surviving spouse were the Participant.

(3) For purposes of this Section 5.4(c), the Participant’s death benefit will be distributed to the Participant’s Beneficiaries subject to the following rules:

(i) Distributions are considered to begin on the Participant’s required beginning date. However, if Section 5.4(c)(2)(iii) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under 5.4(c)(2)(i).

(ii) If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's required beginning date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under Section 5.4(c)(2)(i)), then the date distributions are considered to begin is the date distributions actually commence.

(iii) Unless the Participant’s interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before
the required beginning date, as of the first Distribution Calendar Year distributions will be made in accordance with Section 5.4(c).

(iv) If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Code Section 401(a)(9) and the Regulations thereunder.

5.5 DISTRIBUTION FOR MINOR OR INCOMPETENT BENEFICIARY

In the event a distribution is to be made to a minor or incompetent Beneficiary, then the Administrator or its designee may direct that such distribution be paid to the legal guardian, or if none in the case of a minor Beneficiary, to a parent of such Beneficiary or a responsible adult with whom the Beneficiary maintains his residence, or to the custodian for such Beneficiary under the Uniform Gift to Minors Act or Gift to Minors Act, if such is permitted by the laws of the state in which said Beneficiary resides. Such a payment to the legal guardian, custodian or parent of a minor Beneficiary shall fully discharge the Administrator (and its designee), Employer, and Plan from further liability on account thereof.

5.6 LOCATION OF PARTICIPANT OR BENEFICIARY UNKNOWN

In the event that all, or any portion, of the distribution payable to a Participant or Beneficiary hereunder shall, at the later of the Participant's attainment of age 52 or Normal Retirement Age, remain unpaid solely by reason of the inability of the Administrator or its designee, after sending a registered letter, return receipt requested, to the last known address, and after further diligent effort, to ascertain the whereabouts of such Participant or Beneficiary, the amount so distributable may either, at the discretion of the Administrator or its designee, be treated as a Forfeiture or paid directly to an individual retirement account described in Code Section 408(a) or individual retirement annuity described in Code Section 408(b). In the event a Participant or Beneficiary is located subsequent to a Forfeiture, such benefit shall be restored, first from Forfeitures, if any, and then from an additional Employer contribution, if necessary. However, regardless of the preceding, a benefit which is lost by reason of eschew under applicable state law is not treated as a Forfeiture for purposes of this Section nor as an impermissible forfeiture under the Code.

5.7 QUALIFIED RESERVIST DISTRIBUTIONS

Notwithstanding anything herein to the contrary, the Plan shall make qualified reservist distributions as allowed under Code Section 72(t)(2)(G), as amended from time to time.

5.8 QUALIFIED DOMESTIC RELATIONS ORDER DISTRIBUTION

All rights and benefits, including elections, provided to a Participant in this Plan shall be subject to the rights afforded to any "alternate payee" under a "qualified domestic relations order." Furthermore, a distribution to an "alternate payee" shall be permitted if such distribution is authorized by a "qualified domestic relations order," even if the affected Participant has not separated from service and has not reached the "earliest retirement age" under the Plan. For the purposes of this Section, "alternate payee," "qualified domestic relations order" and "earliest retirement age" shall have the meaning set forth under Code Section 414(p). A domestic relations order issued pursuant to Minnesota Statute Section 518.58 (2007), as may be amended, that meets the requirements of Code Section 414(p) is a "qualified domestic relations order."
The Administrator or its designee shall establish reasonable procedures to determine the qualified status of domestic relations order and to administer distributions under this Section.

5.9 DIRECT ROLLOVERS OUT OF THIS PLAN

Direct Rollovers refer to distributions from this Plan attributable to a Participant’s Severance of Employment or death that are eligible for direct rollover as described in this Section.

(a) Notwithstanding any provision of the Plan to the contrary that would otherwise limit a "distributee’s" election under this Section, a "distributee" may elect, at the time and in the manner prescribed by the Administrator or its designee, to have any portion of an "eligible rollover distribution" that is equal to at least $200 paid directly to an "eligible retirement plan" specified by the "distributee" in a "direct rollover."

(b) For purposes of this Section the following definitions shall apply:

(1) An "eligible rollover distribution" is any distribution of all or any portion of the balance to the credit of the "distributee," except that an "eligible rollover distribution" does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the "distributee" or the joint lives (or joint life expectancies) of the "distributee" and the "distributee’s" designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Code Section 401(a)(9); the portion of any other distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); any hardship distribution described in Regulation 1.401(k)-1(d)(3); and any other distribution that is reasonably expected to total less than $200 during a year.

(2) An "eligible retirement plan" is an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b) (other than an endowment contract), a qualified trust (an employee’s trust described in Code Section 401(a) which is exempt from tax under Code Section 501(a)), an annuity plan described in Code Section 403(a), an eligible deferred compensation plan described in Code Section 457(b) which is maintained by an eligible employer described in Code Section 457(e)(1)(A), and an annuity contract described in Code Section 403(b), that accepts the "distributee’s" "eligible rollover distribution." However, in the case of an "eligible rollover distribution" to the surviving spouse, an "eligible retirement plan" is an individual retirement account or individual retirement annuity.

(3) A "distributee" includes an Employee or former Employee. In addition, the Employee’s or former Employee’s surviving spouse and the Employee’s or former Employee’s spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code Section 414(p), are "distributees" with regard to the interest of the spouse or former spouse. In addition, a "distributee" includes a Beneficiary who is not the Employee’s or former Employee’s spouse, provided the direct rollover is made to an individual retirement account described in Code Section 408(a) or an individual retirement annuity described in Code Section 408(b) (other than an endowment contract) established on behalf of such Beneficiary.
6.1 AMENDMENT

(a) The Employer shall have the right at any time to amend this Plan, subject to the limitations of this Section. However, any amendment which affects the rights, duties or responsibilities of the Administrator, other than an amendment to remove the Administrator, may only be made with the Administrator's written consent. Any such amendment shall become effective as provided therein upon its execution.

(b) No outside documents, agreements, contracts, etc. shall be construed as amending this Plan unless such amendment is specifically described as part of this Plan.

For example, Section 4.1 describes the Employer Contribution by specifically referencing the "applicable collective bargaining agreement, employment contract, or personnel policy."

(c) Unless permitted under applicable law, no amendment to the Plan shall be effective if it authorizes or permits any part of the Plan Fund to be used for or diverted to any purpose other than for the exclusive benefit of the Participants or their Beneficiaries or estates; or causes any reduction in the amount credited to the account of any Participant; or causes or permits any portion of the Plan Fund to revert to or become property of the Employer.

6.2 TERMINATION

The Employer shall have the right at any time to terminate the Plan by amending the Plan, in accordance with Section 6.1, to terminate the Plan. Upon any termination (full or partial) or complete discontinuance of contributions, all amounts credited to the accounts of affected Participants shall not thereafter be subject to forfeiture, and all unallocated amounts, including forfeitures, shall be allocated to the accounts of all Participants in accordance with the provisions thereof. Distributions of benefits under the Plan upon termination of the Plan shall be governed by Section 1.403(b)-10(a) of the Regulations.

6.3 MERGER, CONSOLIDATION OR TRANSFER OF ASSETS

This Plan may be merged or consolidated with, or its assets and/or liabilities may be transferred to any other plan only if the benefits which would be received by a Participant of this Plan, in the event of a termination of the Plan immediately after such transfer, merger or consolidation, are at least equal to the benefits the Participant would have received if the Plan had terminated immediately before the transfer, merger or consolidation.

ARTICLE VII.
MISCELLANEOUS

7.1 PARTICIPANT'S RIGHTS

This Plan shall not be deemed to constitute a contract between the Employer and any Participant or to be a consideration or an inducement for the employment of any Participant or Employee.
Nothing contained in the Plan shall be deemed to give any Participant or Employee the right to be retained in the service of any Employer or to interfere with the right of the Employer to discharge any Participant or Employee at any time regardless of the effect which such discharge shall have upon the Employee as a Participant of this Plan.

7.2 ALIENATION

(a) Subject to the exceptions provided below, and as otherwise permitted by the Code, no benefit which shall be payable out of the Plan Fund to any person (including a Participant or the Participant's Beneficiary) shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge the same shall be void; and no such benefit shall in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements, or torts of any such person, nor shall it be subject to attachment or legal process for or against such person, and the same shall not be recognized by the Administrator or its designee, except to such extent as may be required by law.

(b) Subsection (a) shall not apply to the extent a Participant or Beneficiary is indebted to the Plan by reason of a loan pursuant to Section 6.4. At the time a distribution is to be made to or for a Participant's or Beneficiary's benefit, such proportion of the amount to be distributed as shall equal such indebtedness shall be paid to the Plan, to apply against or discharge such indebtedness. Prior to making a payment, however, the Participant or Beneficiary must be given written notice that such indebtedness is to be so paid in whole or part from one or more of accounts established for the Participant hereunder. If the Participant or Beneficiary does not agree that the indebtedness is a valid claim against the Vested Participant's benefits, the Participant or Beneficiary shall be entitled to a review of the validity of the claim in accordance with procedures provided in Sections 2.7 and 2.8.

(c) Subsection (a) shall not apply to any "qualified domestic relations order" defined in Code Section 414(p), and those other domestic relations orders permitted to be so treated by the Administrator under the provisions of the Retirement Equity Act of 1984. Further, to the extent provided under a "qualified domestic relations order" a former spouse of a Participant shall be treated as the spouse or surviving spouse for all purposes under the Plan.

(d) Subsection (a) shall not apply to an offset to a Participant's accrued benefit against an amount that the Participant is ordered or required to pay the Plan with respect to a judgment, order, or decree issued, or a settlement entered into in accordance with Code Sections 401(a)(13)(C) and (D).
7.3 **CONSTRUCTION OF PLAN**

The Plan, together with the Contract(s), are intended to satisfy the requirements of Section 403(b) of the Code, the Regulations hereunder, and other applicable law. Terms and conditions of the Contract(s) are incorporated by reference into the Plan, excluding terms and conditions that are inconsistent with the Plan, Section 403(b) of the Code, the Regulations hereunder, or other applicable law.

7.4 **GENDER AND NUMBER**

Wherever any words are used herein in the masculine, feminine or neuter gender, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

7.5 **LEGAL ACTION**

In the event any claim, suit, or proceeding is brought regarding the Plan established hereunder to which the Administrator may be a party, and such claim, suit, or proceeding is resolved in favor of the Administrator, the Administrator shall be entitled to be reimbursed by the Plan Fund for any and all costs, attorney's fees, and other expenses pertaining thereto incurred by the Administrator for which the Administrator shall have become liable.

7.6 **RECOVERY OF ERRONEOUS CONTRIBUTIONS**

In the event the Employer shall make an excessive contribution under a mistake of fact, the Employer may recover such excessive contribution at any time within two (2) years following the time of payment. Earnings of the Plan attributable to the excess contributions may not be returned to the Employer but any losses attributable thereto must reduce the amount so returned.

7.7 **EMPLOYER'S AND ADMINISTRATOR'S PROTECTIVE CLAUSE**

The Employer and Administrator, and their successors, shall not be responsible for the validity of any Funding Vehicle issued hereunder or for the failure on the part of the applicable issuer of such Funding Vehicle to make payments provided by any such Funding Vehicle, or for the action of any person which may delay payment or render such Funding Vehicle null and void or unenforceable in whole or in part.

7.8 **RECEIPT AND RELEASE FOR PAYMENTS**

Any payment to any Participant, the Participant's legal representative, Beneficiary, or to any guardian or committee appointed for such Participant or Beneficiary in accordance with the provision of the Plan, shall, to the extent thereof, be in full satisfaction of all claims hereunder. This shall include any and all claims against the Administrator and the Employer, either of whom may require such Participant, legal representative, Beneficiary, guardian or committee, as a condition precedent to such payment, to execute a receipt and release thereof in such form as shall be determined by the Administrator or Employer.
7.9 ACTION BY AN EMPLOYER

Whenever any Employer under the terms of the Plan is permitted or required to do or perform any act or matter or thing, it shall be done and performed by a person duly authorized by its legally constituted authority.

7.10 HEADINGS

The headings and subheadings of this Plan have been inserted for convenience of reference and are to be ignored in any construction of the provision hereof.

7.11 APPROVAL BY INTERNAL REVENUE SERVICE

Notwithstanding anything herein to the contrary, if, pursuant to a ruling request filed by or in behalf of the Plan, the Commissioner of Internal Revenue or the Commissioner's delegate should determine that the Plan does not initially qualify under Code Section 403(b), and such determination is not contested, or if contested, is finally upheld, then if the Plan is a new plan, it shall be void ab initio and all amounts contributed to the Plan by the Employer, less expenses paid, shall be returned within one (1) year and the Plan shall terminate. If the disqualification relates to an amended plan, then the Plan shall operate as if it had not been amended.

7.12 UNIFORMITY

All provisions of this Plan shall be interpreted and applied in a uniform, nondiscriminatory manner.

IN WITNESS WHEREOF, this Plan has been executed the day and year below written.

Dated: 3/18/07

INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL PUBLIC SCHOOLS

[Signature]

By: [Employer]
EXHIBIT A
Active Funding Vehicles

Effective January 1, 2009, Annuity Contracts and/or Custodial Accounts issued by the following vendors shall be the Active Funding Vehicles available to the Participants:

- TIAA/CREF

Effective July 1, 2009, Annuity Contracts and/or Custodial Accounts issued by the following vendors shall be the Active Funding Vehicles available to the Participants:

- ING Financial Advisors
EXHIBIT B
Frozen Funding Vehicles

Effective July 1, 2009, Annuity Contracts and/or Custodial Accounts issued by the following vendors constitute Frozen Funding Vehicles maintained under the Plan:

- TIAA/CREF
FIRST AMENDMENT TO INDEPENDENT SCHOOL DISTRICT NO. 625 403(B) TAX-DEFERRED RETIREMENT PLAN FOR SHELTERING SEVERANCE PAY AND VACATION PAY

BY THIS AGREEMENT, the Independent School District No. 625 403(b) Tax-Deferred Retirement Plan for Sheltering Severance Pay and Vacation Pay is hereby amended as follows:

ARTICLE I
2011 EARLY RETIREMENT INCENTIVE

1.1 Effective Date. This Article shall be effective April 20, 2011.

1.2 "Severance Pay," defined in paragraph 1.38 of the Plan, also includes the cash value of an Employee’s 2011 Early Retirement Incentive that is converted, on a mandatory basis, into a 403(b) plan contribution upon such Employee’s Severance from Employment pursuant to the terms and conditions of the applicable collective bargaining agreement and Memorandum of Agreement 2011 Early Retirement Incentive.

IN WITNESS WHEREOF, this Amendment has been executed this 14th day of April, 2011.

SAINT PAUL PUBLIC SCHOOLS

By /s/ Chair, Board of Education
SECOND AMENDMENT TO
INDEPENDENT SCHOOL DISTRICT NO. 625
403(B) TAX-DEFERRED RETIREMENT PLAN
FOR SHELTERING SEVERANCE PAY AND VACATION PAY

BY THIS AGREEMENT, the Independent School District No. 625 403(b) Tax-Deferred Retirement Plan for Sheltering Severance Pay and Vacation Pay (herein referred to as the “Plan”) is hereby amended as follows:

ARTICLE I
DEFINITIONS

1.1 Effectve date. This Article shall be effective February 22, 2012.

1.2 Definition of Severance from Employment. The Plan is amended by replacing Section 1.37 with the following:

1.37 “Severance from Employment” means an Employee’s severance from employment, as defined in Treas. Reg. Section 1.403(b)-2(b)(19), in cases other than death.

1.3 Definition of Severance Pay. The Plan is amended by replacing Section 1.38 with the following:

1.38 “Severance Pay” means the cash value of an Employee’s accumulated vacation, accumulated sick leave, and 2011 Early Retirement Incentive that is converted, on a mandatory basis, into a 403(b) plan contribution upon such Employee’s death or termination of employment pursuant to the terms and conditions of the applicable collective bargaining agreement, Memorandum of Agreement 2011 Early Retirement Incentive, employment contract, or personnel policy.
ARTICLE II
IN SERVICE DISTRIBUTIONS

2.1 Effective date. This Article shall be effective February 22, 2012.

2.2 In service distributions. The Plan is amended by adding Section 5.11 as follows:

5.11 In Service Distributions

At the election of a Participant who has attained the age of 59 1/2 years, the Administrator shall direct the Funding Vehicle to distribute all or a portion of the Participant's Account Balance to the Participant. A distribution under this Section 5.11 shall be available regardless of whether the Participant has experienced a Severance from Employment. In the event that the Administrator makes such a distribution, the Participant shall continue to be eligible to participate in the Plan on the same basis as any other Employee. Any distribution made pursuant to this Section shall be made in a manner consistent with Section 5.3.

IN WITNESS WHEREOF, this Amendment has been executed this 21st day of February, 2012.

SAIN'T PAUL PUBLIC SCHOOLS

[Signature]

[Signature]

[Signature]
SECOND AMENDMENT TO
INDEPENDENT SCHOOL DISTRICT NO. 625
403(B) TAX-DEFERRED RETIREMENT PLAN
FOR SHELTERING SEVERANCE PAY AND VACATION PAY

BY THIS AGREEMENT, the Independent School District No. 625 403(b) Tax-Deferred Retirement Plan for Sheltering Severance Pay and Vacation Pay (herein referred to as the "Plan") is hereby amended as follows:

ARTICLE I
DEFINITIONS

1.1 Effective date. This Article shall be effective February 22, 2012.

1.2 Definition of Severance from Employment. The Plan is amended by replacing Section 1.37 with the following:

1.37 "Severance from Employment" means an Employee's severance from employment, as defined in Treas. Reg. Section 1.403(b)-2(b)(19), in cases other than death.

1.3 Definition of Severance Pay. The Plan is amended by replacing Section 1.38 with the following:

1.38 "Severance Pay" means the cash value of an Employee's accumulated vacation, accumulated sick leave, and 2011 Early Retirement Incentive that is converted, on a mandatory basis, into a 403(b) plan contribution upon such Employee's death or termination of employment pursuant to the terms and conditions of the applicable collective bargaining agreement, Memorandum of Agreement 2011 Early Retirement Incentive, employment contract, or personnel policy.
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IN WITNESS WHEREOF, this Amendment has been executed this 21st day of February, 2012.

SAINT PAUL PUBLIC SCHOOLS

[Signature]